

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF PENNSYLVANIA

IN RE: :
: Case No. 23-10764
: 23-10763
STREAM TV NETWORKS, INC. CH: 11 :
: Philadelphia, Pennsylvania
A) Motion To Approve Debtors' : April 24, 2023
Expedited Motion For Authority To : 10:50 a.m.
Take Certain Actions In the :
Ordinary Course Of Business Filed :
By Stream Tv Networks, Inc., :
Technovative Media, Inc. :
Represented By Rafael X. :
Zahralddin :
.

BEFORE THE HONORABLE MAGDELINE D. COLEMAN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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Proceedings recorded by electronic sound recording;
transcript produced by TheRecordXchange.

APRIL 24, 2023

1
2 THE COURT: Okay. Before we begin, this -- I have --
3 this is an expedited hearing in the matter of Stream TV
4 Network, Inc. and Technovative Media. Before we begin,
5 counsel, I would ask that everybody -- I'm going to have
6 everybody first place their name on the record and who they
7 represent. I would then ask that before anyone speaks that
8 they please state their name before speaking. I would also ask
9 that the parties not interrupt one another or talk over one
10 another. Unfortunately, I have a habit of doing that, but I'm
11 the only one who gets to do it, and I will try my best not to
12 interrupt. So let's start with counsel for the moving party,
13 the Debtor.

14 MR. ZAHRALDDIN: Good morning, Your Honor, Rafael
15 Zahralddin from Lewis Brisbois, on behalf of the Debtors.

16 MR. ALEXANDER: Good morning, Your Honor, Vincent
17 Alexander of Lewis Brisbois, on behalf of the Debtors.

18 MR. FISHER: Your Honor, Benett Fisher, Lewis
19 Brisbois, on behalf of the Debtors.

20 MS. POPPEL: Your Honor, this is Karen Poppel on
21 behalf of the Debtors for Lewis Brisbois.

22 THE COURT: I'm sorry, I didn't hear that. Could you
23 please state your name again?

24 MS. POPPEL: Yeah. Good morning, Your Honor, this is
25 Karen Poppel of Lewis Brisbois on behalf of the Debtors.

1 THE COURT: Okay. Anyone else here on behalf of the
2 Debtor attorney? Is there any representative from the Debtor,
3 Mr. Zahralddin?

4 MR. ZAHRALDDIN: Yes, Your Honor. Mr. Mathu Rajan,
5 who's the CEO, is here and ready to answer questions and put on
6 direct testimony, should Your Honor allow it.

7 THE COURT: Okay. And who is here for -- I saw there
8 were two objections that were filed this morning, which I have
9 had an opportunity to quickly review. And I'll discuss those
10 objections or my comments before I think we even get to
11 anything. But in any event, I saw there was one that was filed
12 by SeeCubic. And who is here on behalf of SeeCubic?

13 MR. MAZZA: Good morning, Your Honor, Jim Mazza from
14 Skadden Arps, on behalf of SeeCubic. I believe my colleague
15 and partner, Eben Colby, is also on telephonically.

16 MR. COLBI: That's correct. Good morning, Your
17 Honor.

18 THE COURT: I'm sorry, your name again, counsel? I
19 heard Colby, but I didn't hear the first name.

20 MR. COLBI: Sure. The first name is Eben, E-B-E-N.

21 THE COURT: Okay. And is anyone else here for
22 SeeCubic? Okay. And I saw also that Hawk filed an objection.
23 Who's here on behalf of that entity?

24 MR. CAPONI: Good morning, Your Honor, Steve Caponi
25 from K&L Gates. I'm with here, my colleagues, I believe Aaron

1 Rothman, Margaret Westbrook, and John Edel.

2 THE COURT: All right, counsel, I'm going to ask you
3 to say that because I don't write that fast. I heard Aaron --

4 MR. CAPONI: Rothman.

5 THE COURT: -- and Margaret -- Aaron Rothman?

6 MR. CAPONI: Yes, then Margaret --

7 THE COURT: And Margaret Westbrook?

8 MR. CAPONI: Correct.

9 THE COURT: And who was the last person?

10 MR. CAPONI: John Edel, E-D-E-L.

11 THE COURT: Anyone else?

12 MR. CAPONI: That's it, Your Honor.

13 THE COURT: Okay. Anyone else here -- is anyone from
14 the U.S. Trustee's Office or any other offices held?

15 MR. CALLAHAN: Yes, Your Honor.

16 THE COURT: Yes, okay, who's here?

17 MR. CALLAHAN: Good morning, Your Honor, Kevin
18 Callahan, on behalf of United States Trustee. Thank you.

19 THE COURT: Anyone else here on this matter? Okay.
20 All right. The Debtors have filed two motions on an expedited
21 basis. And before we begin, I hope this is the last time that
22 I have to discuss the proper procedure for following the filing
23 matters on an expedited basis. The rules set forth -- I think
24 it's Rule 5070 of the Local Rules -- it sets forth the process
25 by which expedited motions are to be filed. This is at least a

1 third time that I've had to admonish Debtor's counsel about
2 following the local rules. Notwithstanding my prior
3 instructions to review the rule, this was filed without
4 following that process. Typically, I would have just denied
5 the motion for failure to comply with the local rule. But
6 given that this was purported to be a request for payment of
7 employee wages, I allowed the request to be granted and a
8 motion and this hearing scheduled.

9 This is the last time that I am going to bring this
10 to Debtor's counsel's attention. Should the rules not be
11 followed in the future, there will be consequences, including
12 but not limited to Rule 9011 issues. I don't want to have to
13 say it again. With respect to this motion itself, I'm also not
14 very pleased with what is in this motion and what are actually
15 not expedited matters. As far as this Court is concerned, the
16 only matter that is expedited is whether there will be payment
17 of the salaries of the employees that have been previously
18 funded by Hawk or SeeCubic, whichever one was funding that.

19 More importantly, this is a self-created emergency.
20 My understanding, and someone will have to correct me if I am
21 wrong, but everyone knew when the last funding was for employee
22 wages. This wasn't something that was learned on the day this
23 motion was filed. I am not understanding why this was not a
24 first day motion, seeking approval to pay employee wages that
25 would become due tomorrow.

1 So there are lots of things about these motions that
2 have given this Court great pause, concern -- and I want to
3 choose my wording carefully. I'm going to stick with the word
4 concerned. So I think I needed to put that all before we
5 proceed with what I think is again, a self-created emergency
6 speaking and including matters that are not emergencies, unless
7 somebody can, at least based on my reading of the pleading, are
8 not any other than payment of wages, involve matters that are
9 not emergencies, matters that I would never consider on an
10 expedited basis, and involves what I think is just financing
11 and other matters that are not appropriately under payment of
12 -- that connected with payment of wages.

13 So with that being said, counsel or Debtor, who's
14 ever addressing this, you need to tell me exactly why this is
15 an emergency and what are all these other reliefs that have
16 nothing to do with the works that are due tomorrow. So who's --

17 MR. ZAHRALDDIN: Yes, ma'am.

18 THE COURT: -- who's going to talk to that?

19 MR. ZAHRALDDIN: I'll respond to that, Your Honor.
20 This is Rafael Zahralddin. I hope Your Honor would agree that
21 the Debtor cannot makes payments on prepetition amounts that
22 are accrued.

23 THE COURT: Whose phone is that?

24 MR. ZAHRALDDIN: I'll wait until that's muted. Thank
25 you.

1 We cannot make any make payments on prepetition
2 amounts accrued until we can verify where the payments are
3 going, how they're going to be applied, and where the -- we
4 have information as to how the payments have been handled in
5 the past. And in fact --

6 THE COURT: Let me stop you right there.

7 MR. ZAHRALDDIN: Yes, ma'am.

8 THE COURT: What prepetition wages for you are trying
9 to pay because the only prepetition wages that I'm aware of
10 have been paid and funded by Hawk. So --m

11 MR. ZAHRALDDIN: No, they have not, Your Honor, and
12 that's exactly the point. When we received information and
13 exactly when -- about the time we filed the motion last week
14 from Mr. Patrick Thune in the Netherlands, it showed that there
15 was a great shortfall. And the shortfall was also in terms of
16 payment of past wage taxes. And there were amounts --

17 THE COURT: So --

18 MR. ZAHRALDDIN: -- on there for brand new debts for
19 Mr. Thune and things of that nature. So --

20 THE COURT: So --

21 MR. ZAHRALDDIN: -- before we want to send anything
22 out, Your Honor, we wanted to make sure we knew what exactly
23 was owed. We confirmed that there were prepetition --
24 significant shortfalls, not just from the most recent amount,
25 but from prior periods. And that raised the current.

1 THE COURT: Okay, so wait a minute, counsel.

2 MR. ZAHRALDDIN: Yes, ma'am.

3 THE COURT: Let's back up a minute.

4 MR. ZAHRALDDIN: Uh-huh.

5 THE COURT: You say that you were prepared to pay
6 prepetition wages. None of the information in that motion sets
7 forth the prepetition wages that would be allowed to be paid,
8 which would be paid on the 50784. Anything prior to that is
9 just a regular claim. So I'm --

10 MR. ZAHRALDDIN: I --

11 THE COURT: -- not quite --

12 MR. ZAHRALDDIN: -- I --

13 THE COURT: -- sure what wages. Nowhere did you say
14 these are the wages we're paying during the priority time
15 period. What I saw was there was an issue about prepetition
16 taxes, which we're not even going to address. Wages are wages.
17 If you wanted to pay -- these are now, as far as I can see from
18 the motion, are post-petition wages that are becoming due
19 tomorrow because there is nothing that indicates in that motion
20 that those wages had not been paid with the March 25th payrolls
21 and that what you're really talking about are prepetition
22 taxes, which that's a different issue, or there's some
23 prepetition wage that's owed to employees that are not -- that
24 are outside of the priority time period.

25 So I'm a bit confused when you say you'd want to

1 confirm that you were going to pay prepetition -- what
2 preparation wages that you were proposing to be paid. I didn't
3 see any of that or maybe I missed it because it was -- I
4 must've missed it.

5 MR. ZAHRALDDIN: Yeah --

6 THE COURT: Yes?

7 MR. ZAHRALDDIN: -- Your Honor, Mr. Alexander and I
8 went over them this morning. He has a list of them, and he can
9 point them out to you in the motion if I can indulge him
10 jumping on and walking through those. And yes, ma'am, there
11 are preposition wages in there. There are also contractors.
12 which are critical, and we've seen relief like that, you know,
13 requested on an emergency basis and granted because different
14 companies outsource or do work in different ways. And --

15 THE COURT: So counsel, you want to pay contractors
16 out beyond the priority time period. And I saw -- you cited to
17 the doctrine of necessity for that. And --

18 MR. ZAHRALDDIN: Yes, ma'am.

19 THE COURT: -- I'm not understanding how those -- I
20 guess I'm going to equate them to vendors -- are going to be
21 paid because this is clearly outside the ordinary as far as I'm
22 concerned because they're not priority creditors. They're just
23 regular creditors with respect to their prepetition contract.
24 They're not employees because what you were asking me for what
25 have paid wages. They're not -- they're independent

1 contractors so this isn't payment of wages. This is payment of
2 contract.

3 MR. ZAHRALDDIN: Yes, ma'am. They're --

4 THE COURT: So Mister --

5 MR. ZAHRALDDIN: -- critical -- they're critical
6 vendors, essentially. And again, if you're asking why we're
7 trying to do this, it's because we're trying to fulfill these
8 two purchase orders. And at every turn --

9 THE COURT: I get that, counsel, but that's not what
10 you filed. You filed two separate -- you want to pay employee
11 wages and we want to do -- we want to sell shares. That's a
12 whole different issues because that is definitely not an
13 expedited matter however you try to phrase it or characterize
14 it. I have my own comments with respect to that.

15 Mr. Alexander, he's invoked you as being able to
16 explain to this Court what the prepetition wages are that are
17 not in the motion, and I'm not understanding how it was even
18 filed if they didn't even have that information, but that's
19 neither here nor there. What information do you have with
20 respect to prepetition wages that have to be paid?

21 MR. ALEXANDER: Good morning, Your Honor, Vincent
22 Alexander, on behalf of the Debtors. Your Honor, there's a
23 couple of paragraphs in the filing. And when you talk to
24 specific, you know, wages issues, it's a little different than
25 your typical scenario here because we're talking about the

1 subsidiary wages in terms of what the Debtor, you know, funded
2 prepetition and then also, it was also funded as Your Honor was
3 aware, as part of the -- when the receiver was put in place.

4 So we've had discussions with the entities, or the
5 individual, primarily Mr. Thune, in the Netherlands. And he's
6 indicated that for funding of the operations in the
7 Netherlands, there were certain dollars that needed to be paid
8 in order for them to move forward with their operations. And
9 certain net money includes wages of the employees, payroll
10 taxes in Europe. And then specifically in our motion, the
11 paragraphs are 24, and that refers to approximately \$180,000
12 per month wages of the Dutch employees.

13 Then, there's also independent contractors, which is
14 about \$46,000 per month that's payable. Then, there's the
15 independent service providers, where it's about \$193,000. And
16 I believe that's the amount that was due as of the petition
17 date. And that is the dollar amount --

18 THE COURT: Okay, so --

19 MR. ALEXANDER: -- that --

20 THE COURT: Right. So these are prepetition claims
21 that are not wages. It seems to me the only thing that are
22 wages would be the 180,000 for the employees that we are due
23 tomorrow. Is that what we're talking about? Income and --

24 MR. ALEXANDER: Yeah, in the pure sense of the word,
25 wages, Your Honor, yes. That is correct. That is the amount

1 that we're seeking to pay for these subsidiary wages.

2 THE COURT: Right, but what you said to me, counsel,
3 is you spoke to Mr. Thune, and you discussed with him what
4 would need for the operations of the business because this
5 isn't just a pure wage motion. This is a motion to allow
6 payments of amounts due and owing for operations. And you're
7 saying that you owe these independent servicers \$193,000 for
8 prepetition services. For what time period did you say in your
9 motion the time period?

10 MR. ALEXANDER: I'll have to clarify that, but I
11 believe it's dating back through I think November of 2022, some
12 of those accrued from. But this is a situation --

13 THE COURT: Okay.

14 MR. ALEXANDER: -- where Mr. Thune had indicated that
15 none of these people will continue to work and provide services
16 unless these amounts are paid.

17 THE COURT: Well, let me ask you -- that was a
18 receiver appointed when?

19 MR. ALEXANDER: I believe the receiver was appointed
20 -- counsel for -- maybe it would help, but I think it was July.

21 MR. ZAHRALDDIN: It's October. October.

22 MR. ALEXANDER: It was --

23 MR. ZAHRALDDIN: October 20th.

24 THE COURT: Of '21, '22 -- what year?

25 MS. POPPEL: 22.

1 THE COURT: Okay. And presumably, my understanding
2 is that the receiver through -- was -- had -- there was some
3 sort of arrangement where the receiver was making and that were
4 funded by Hawk, SeeCubic, one of the two or maybe the two
5 incomes. And so explain to me why the November payments
6 weren't being paid to the receiver and these independent people
7 continued to work. I'm not understanding.

8 MR. ZAHRALDDIN: Your Honor, our understanding from
9 what we've learned in our brief investigation, once Mr. Thune
10 was willing to actually give us information because he's not
11 recognizing the authority of this Court or the bankruptcy being
12 filed, he said so through counsel, et cetera. And of course --

13 THE COURT: Okay.

14 MR. ZAHRALDDIN: -- there was a filing to prevent
15 that. So what we've learned from him is that the process was,
16 in talking to our client, the process was that the receiver
17 would talk to Mr. Stastney and to Mr. Rajan, and they would
18 sign off on the draws. So as far as we were concerned, because
19 no one was telling us, meaning, the Stream side, that the
20 payments weren't being made, we thought as soon as the draws
21 were authorized, they were being effectuated. That is not
22 correct. And our review of the books and records that were
23 sent to us show that there were shortfalls, significant
24 shortfalls, and that they go back to 2022. So that's where we
25 are right now.

1 THE COURT: So did you reach out -- so counsel,
2 presumably --

3 MR. ZAHRALDDIN: Yes, ma'am?

4 THE COURT: -- the receiver was in charge of all of
5 this. So for you to say you didn't know -- did anybody ask the
6 receiver for records?

7 MR. ZAHRALDDIN: Yes, yes.

8 THE COURT: Was anybody following this?

9 MR. ZAHRALDDIN: Yes, Your Honor. We asked and they
10 were not provided. That was the problem with the receiver. It
11 was the receiver, pendente lite who kept on saying that he only
12 had certain responsibilities. And we did not know about this
13 until we actually got the books last week.

14 THE COURT: And you didn't ask --

15 MR. ZAHRALDDIN: Your Honor?

16 THE COURT: -- the receiver?

17 Wait a minute -- whoa, whoa -- I'm talking.

18 And you didn't get any information from the receiver
19 when this bankruptcy was filed? You didn't get any information
20 from the receiver as to who was paid? Was the receiver --

21 MR. ZAHRALDDIN: That's the problem. Your Honor --

22 THE COURT: Wait a minute.

23 MR. ZAHRALDDIN: -- that's the problem. We did get
24 some --

25 THE COURT: Stop.

1 MR. ZAHRALDDIN: -- information.

2 THE COURT: Stop.

3 MR. ZAHRALDDIN: I'm sorry, go ahead.

4 THE COURT: I'm talking. Don't interrupt me.

5 MR. ZAHRALDDIN: Sure, sure.

6 THE COURT: You're telling me that the receiver
7 wasn't filing any reports with the chancery court on what it
8 was disbursing and what was being allowed? The receiver was
9 just operating out there on his own?

10 MR. ZAHRALDDIN: Your Honor, I'm going to tell you
11 that the receiver sent us very promptly, at the beginning of
12 the bankruptcy, the records that he had. What we've found is
13 the records that came from Mr. Thune do not match up with the
14 receiver's records. And that's why we're asking for authority
15 and that's why we also asked in our motion that we work with
16 the Office of the United States Trustee to review these
17 payments so that whatever we send out -- we're willing to pay
18 but we didn't want to pay without making sure that we knew
19 exactly what was going on there. And I don't know -- I'm
20 assuming Mr. Caponi is not aware of what happened here, but he
21 represented to you, things were paid. We've looked at what Mr.
22 Thune has sent us, what the receiver sent us, and there are
23 discrepancies.

24 THE COURT: So you don't know if anything's owed or
25 not because there's a discrepancy.

1 MR. ZAHRALDDIN: Oh, no, we know it's owed because
2 the employees are going to walk and they're threatening to file
3 a bank --

4 THE COURT: Counsel, that's employees. There's no
5 issue, which is why I scheduled this, that there were payments
6 to employees. You are now saying not only do you want -- and
7 that's a different issue. It's always clear that you need
8 employees because if employees aren't paid, nobody's going to
9 get anything, and this company is going to go out of business.
10 But what you are also doing is that you have now thrown in
11 issues about contractors, independent services, payment of
12 prepetition taxes -- all of this what you think I'm going to do
13 on an expedited basis, based on information that's conflicted
14 or we don't even know what is what. And then --

15 MR. ZAHRALDDIN: We did --

16 THE COURT: -- the --

17 MR. ZAHRALDDIN: Yes, ma'am.

18 THE COURT: -- serve -- and then we're going to get
19 to the so-called financing of this, which is definitely going
20 to be a problem. So you say that -- so how much money are you
21 actually asking this Court to approve for payroll, for payment
22 of independent contractors, for payment of independent
23 services? And then, I saw something about wanting to go back
24 to rehire people. That is not a wage motion. That is not a
25 payment of independent contractor -- none of it. And none of

1 this is expedited, other than the wages. So I'm not
2 understanding, and I've got a problem.

3 MR. ZAHRALDDIN: Your Honor, part of the problem is
4 that even if we went into California, for example, and you look
5 at the definition of wages is, in jurisdictions where they're
6 very employee friendly, there are going to be a lot of things
7 that are going to be considered wages and that the Government
8 is going to require you to pay. And we have noted in our
9 filing that there are several instances where the Dutch
10 Government is going to require certain things to be paid. So
11 while I understand if the Court is not amenable to making these
12 other payments, we'd like to try to convince you to let us do
13 it because we believe that a lot of these contractors, which
14 are under NDAs which have been working for quite some, and in
15 particular, there are employees through this TMC provider, who
16 provides contract employees. These are the day-to-day
17 engineers who are literally the guys driving the production and
18 driving the operations. So we risk losing those engineers
19 because they're four months past due at this point. So I don't
20 think that we're asking for things. And we asked for the
21 authority to do these things, not the direction. And we wanted
22 to be able to do that in conjunction with the review with the
23 U.S. Trustee because there's no committee here right now to be
24 able to handle this issue.

25 THE COURT: So you don't even have the records.

1 MR. ZAHRALDDIN: No.

2 THE COURT: You're going to have to review -- wait a
3 minute. You're going to have to review before you make these
4 payments. That's not going to happen by tomorrow. So I don't
5 understand what was expedited about that because they're not
6 going to -- they're not going to be paid tomorrow.

7 MR. ZAHRALDDIN: No, we are going to make those
8 payments. We were willing --

9 THE COURT: To who?

10 MR. ZAHRALDDIN: -- make the payments to avoid
11 employees walking out.

12 THE COURT: No, counsel. I'm not talking about
13 employees.

14 MR. ZAHRALDDIN: Okay.

15 THE COURT: I'm talking about these independent
16 contractors, independent service. No way you're paying them
17 tomorrow because you don't even know what they're owed -- the
18 time period. And you said you're going to talk to the U.S.
19 Trustee. I don't think that that's going to happen by
20 tomorrow. Perhaps the wages, which again, the wages I get you
21 need on an expedited basis. As to authorizing these payments
22 of other -- the independent contractors and however you
23 characterize, I haven't seen any reference to Dutch law that
24 requires you to pay them, and that they'd be treated as wages.
25 We're not in California. So that is irrelevant.

1 MR. ZAHRALDDIN: No, we're probably in a more liberal
2 place than California in the Netherlands if it goes to
3 employees. But I understand --

4 THE COURT: Well --

5 MR. ZAHRALDDIN: -- what you're saying, Your Honor.

6 THE COURT: That may be all fine and well, but you
7 never said anything in this motion about independent
8 contractors being treated in the Netherlands as the same as
9 wages. So there's absolutely no basis for that other than your
10 colloquy with me. And there was nothing, absolutely nothing,
11 preventing you from talking to the trustee since you got this
12 information to say this is what we have -- this is what we're
13 proposing to do. You're mixing apples and oranges. The apples
14 are the wages; oranges are the other things. And I don't
15 appreciate it being put together as some expedited matter that
16 is not going to be -- at least with respect to these
17 independent contractors, the independent services, the wages
18 that the prepetition taxes, all of that which get dealt with in
19 the ordinary course, they're prepetition. You really want me
20 to now authorize you to pay prepetition taxes, to pay money to
21 rehire employees who haven't worked for this company for God
22 knows how long? How would that have anything to do with payment
23 of wages on an expedited basis?

24 This is all some separate relief that is not going to
25 be done expeditiously -- absolutely --

1 MR. ZAHRALDDIN: Okay.

2 THE COURT: -- not.

3 MR. ZAHRALDDIN: Okay.

4 THE COURT: So I'm warning you -- do not do this
5 again -- put in all sorts of things that are irrelevant to the
6 -- and are totally different than the relief that you title
7 this as. Not payment of wages. Payment of contract, or if you
8 believe there were wages, you should have said they were wages
9 on the Dutch law. And some of this is on the rehiring people
10 in the U.S. What does that have to do with payment of wages?
11 You know, I mean, I have a whole laundry list when I went
12 through this of things that I thought were, like -- first of
13 all, they're beyond the self-created emergency. They're not
14 even emergencies without more, especially with particularly
15 trying to rehire people in the U.S. Well, how is that an
16 emergency?

17 You know --

18 MR. ALEXANDER: Your Honor --

19 THE COURT: -- how?

20 MR. ALEXANDER: We hear you, and we'll be more than
21 happy to simply be able to go back to the folks in the
22 Netherlands and pay their wages. We were concerned -- and this
23 was not a frivolous motion. We were concerned very much so
24 with what's happened over the past two weeks, that we would
25 have a foreign subsidiary who would just revolt and walk away.

1 And we have had, as you know, actions filed by the Hawk parties
2 prematurely, trying to move to do things they couldn't do here
3 over there. But that's the --

4 THE COURT: Well, that seems everybody --

5 MR. ALEXANDER: -- reason that we filed.

6 THE COURT: -- seems to be doing. Seems to be finger
7 pointing. Everybody in this case, as far as I'm concerned, is
8 trying to do things they can't do and think that, you know,
9 they're going to go to another court or they're going to come
10 to this court, and I'm not going to recognize this for what it
11 is. I am very disappointed and very unhappy about how this is
12 unfolding. Everything is an emergency, everything is done.
13 This should have been -- you guys filed. You had more than
14 enough time to figure this out. You knew wages were going to
15 have to be paid whether you knew the amount or not.

16 You know that funding was going to only go through
17 March 25th. So no matter what the number is -- counsel, hold
18 one second. Counsel, as I was saying, you knew you filed on
19 March 15th. You knew that the employees' wages were only
20 funded through March 26th. So to tell me this is an emergency,
21 I'm sorry. It's not. You knew there was going to be no money
22 tomorrow, no matter if it was one penny or a million dollars.
23 You knew that and yet you didn't file it until Friday. So
24 don't tell me that the reason you didn't do it because you
25 didn't know how much has to be paid. This should have been a

1 first day motion, where you said we have to pay wages on April
2 25th. We don't know how much it is because we think it's this.
3 And then you could've amended it to say, we have now found out
4 that the numbers aren't what it is. But you knew a long time
5 ago that tomorrow was due and there was no money for it. So
6 I'm very unhappy about that.

7 MR. ZAHRALDDIN: Well, Your Honor, we're trying to
8 make sure that we ask -- we've thought through a lot of this,
9 and we stated in the motion as any ordinary course. But
10 instead, we came to -- we're seeking your permission before
11 doing it because we're in the middle of a very contentious
12 situation. No matter what we do, if we don't have the money,
13 we get complaints prematurely from the Hawk parties. If we do
14 have an order and the money, and we're trying to get there, we
15 get complaints from them that we're somehow trying to convert
16 them, which by the way is a contractual thing that they agreed
17 to. There's a separate contract that says this is what happens
18 because they were never supposed to be lenders. They were just
19 supposed to be equity with the protection of some security. So
20 I --

21 THE COURT: On that, counsel, you guys can agree to
22 disagree on what your agreement was. The bottom line is, is
23 that you knew that you had to pay these wages tomorrow. And
24 how you were planning to pay them, you claim it's ordinary
25 course. We're going to get to that so-called sale because you

1 wanted another party to finance these wages, whether you're
2 saying they're doing them through a sale of stock or some
3 subscription agreement where they're getting 10 percent for
4 financing -- however you want to characterize it. You knew
5 that this has to be done by tomorrow. So to point the finger
6 at opposing parties -- I'm not accepting that. You knew that,
7 and you weren't paying them with money through the ordinary
8 course. They weren't from sale of the product; they weren't
9 through anything. They weren't through sale of stock. This
10 company does not sell stock -- they sell product. And you've
11 got a subscription agreement that says, oh, we're going to give
12 you 10 percent for financing us also. So this isn't some --

13 MR. ZAHRALDDIN: Your Honor --

14 THE COURT: -- counsel. You didn't figure this out
15 on Friday. You knew how you were proposing to pay them. And
16 then to spring this on the Court on Friday and say, oh, it's an
17 emergency. We have to pay them and now we need you to approve
18 the process on how we were going to pay them -- that's not an
19 emergency. It wasn't.

20 MR. ZAHRALDDIN: Yes, ma'am. If --

21 THE COURT: You knew how you were proposing to do
22 this. So I am not happy that everybody, at least from the
23 Debtor's perspective, unless you telling me on Friday, Thursday
24 last week that we figured out how they were going to pay these
25 people? I don't think so.

1 MR. ZAHRALDDIN: Your Honor, we did tell you before
2 that we had these purchase orders. Everyone else, Mr. Caponi
3 included --

4 THE COURT: Counsel?

5 MR. ZAHRALDDIN: -- so this --

6 THE COURT: What did that have to do with how you
7 were going to fund --

8 MR. ZAHRALDDIN: Because that's the only way we can
9 pay for anything is to get --

10 THE COURT: Counsel?

11 MR. ZAHRALDDIN: -- advance payments from customers
12 or to sell these products.

13 THE COURT: That's not what -- counsel, that's not
14 what you were -- that's not nowhere in anything you filed, did
15 you say you want to use or get an advance payment from
16 customers to fund our ongoing wage obligations and other
17 operational obligations. You filed --

18 MR. ZAHRALDDIN: Your Honor, we have --

19 THE COURT: -- motions to sell shares to be able to
20 pay for this. Did I miss something?

21 Yes?

22 MR. ZAHRALDDIN: Yes, ma'am. We're trying to raise
23 that money through the sale of shares, but it is connected to
24 providing services that are essential to selling the TVs to be
25 able to deliver on the purchase order. And it's not -- yes,

1 ma'am?

2 THE COURT: When did you know that that's what you
3 were going to do -- that you were going to --

4 MR. ZAHRALDDIN: When we filed this first stay
5 enforcement motions, Your Honor, when we asked relief to please
6 get us our equipment back -- to ask relief to allow us to
7 proceed in the Netherlands, unmolested by this. That's when we
8 said that to Your Honor. This is the first time.

9 THE COURT: Did you tell me on the first day when you
10 filed your motion you were going to sell shares to fund this?
11 This is the first I've read it, or maybe I missed it somewhere
12 in the pleading. But for you to tell me that you told me this,
13 you absolutely did not tell me.

14 MR. ZAHRALDDIN: Your Honor, I have to go back, but
15 I'm pretty sure we did mention that there was -- VSI was going
16 to -- we mentioned that there was a distributorship agreement
17 and that's how the financing was going to happen. That way, we
18 wouldn't get into any sort of problem with the lenders.

19 THE COURT: But that's not what you're asking me.
20 You're asking me to authorize sales. You didn't mention that
21 before. I knew about the subscription and the 10 percent. And
22 I asked you, well, what are they doing for 10 percent -- why
23 can't they just do it directly. We've definitely had that
24 discussion at the last hearing. We did not at any time -- and
25 again, maybe I missed it in the pleading -- but nowhere

1 anywhere did the Debtor, Stream, say, I'm going to try to
2 finance this by selling shares -- nowhere. And you're telling
3 me this just came up last week that they decide that's what
4 they were going to do?

5 MR. ZAHRALDDIN: Your Honor --

6 THE COURT: Yeah.

7 MR. ZAHRALDDIN: -- we have discussed that in the
8 sense that we indicated that particularly the Hawk parties.
9 SLS used to have a conversion agreement. The only way -- the
10 only way to meet the obligations in the conversion agreement is
11 by the sale of shares. That's how --

12 THE COURT: And counsel, did you tell the court that?
13 Did you tell the court that we were going to ask me to approve
14 sales that this existed; we intended to exercise that; we
15 intended to do that. You never mentioned it ever. And for you
16 to file on an expedited basis is unacceptable when you knew
17 this, as you said, when you filed your motion to enforce. So
18 don't hand me, well, it was part and parcel and it was under --
19 I don't know who it was understood because it was never pointed
20 out to this court. And since it was never pointed out to me, I
21 don't even, how you can with a straight face, tell me it was
22 understood that we were going to sell shares. Unless you can
23 point to me where you told me that, or it was in some pleading
24 that I overlooked, this was not an expedited matter. The fact
25 that you --

1 MR. ZAHRALDDIN: I believe it was in the first
2 declarations by Mr. Rajan. We described --

3 THE COURT: He said he was going to sell some
4 shares --

5 MR. ZAHRALDDIN: That's all they've been doing --
6 selling shares while the company has been without its
7 operations and assets. There'd be no other way --

8 THE COURT: Counsel?

9 MR. ZAHRALDDIN: -- for them to make any money.

10 THE COURT: Counsel, did they sell shares post-
11 petition?

12 MR. ZAHRALDDIN: Have they sold shares post-petition?

13 THE COURT: Uh-huh.

14 MR. ZAHRALDDIN: No, we're waiting for approval for
15 this motion --

16 THE COURT: Counsel, did you just tell me that that's
17 all they've been doing is all good and well. But nowhere did
18 you come to this court and tell me that that was your
19 intention. I don't read minds. If that was what you intended,
20 explain to me why you waited till the last minute to file it.
21 You must have thought court approval was required. Did it just
22 suddenly dawned on you that it was required?

23 MR. ZAHRALDDIN: No, ma'am. We were trying to
24 fulfill these orders and get the company back into operation.
25 And the way to do that with the emergency of getting payments

1 done in the Netherlands and the interference. That's why we
2 came in in the excess of caution, asking for permission to do
3 these things so we can get operations going. I apologize if
4 the Court took umbrage that we did it on an expedited basis,
5 but we do think the two things are tied. In order for the
6 Netherlands to actually start making money or income again,
7 which it used to do before it was taken over by SeeCubic.

8 We needed to get all these things in place, and we're
9 trying desperately to pull this together. So I apologize for
10 the -- I would rather be doing this under the normal course and
11 have gotten this done, but this was an emergency filing that
12 was done because --

13 THE COURT: No, it wasn't -- it was not.

14 MR. ZAHRALDDIN: -- of the pending purchase --

15 THE COURT: Counsel --

16 MR. ZAHRALDDIN: No, no, no.

17 THE COURT: -- it was not an emergency.

18 MR. ZAHRALDDIN: The bankruptcy, Your Honor, the
19 bankruptcy. I'm referring to the bankruptcy.

20 THE COURT: Okay.

21 MR. ZAHRALDDIN: The bankruptcy was done for these
22 purchase orders to get filed -- not -- if you don't believe
23 these were emergencies, I'm not going to argue with you about
24 that. That's not what the --

25 THE COURT: Counsel --

1 MR. ZAHRALDDIN: -- Debtors are --

2 THE COURT: -- the emergency filing was March 15th.
3 It is April 24th. And for you to tell me that a sale of shares
4 were ordinary course and did not need -- you need to explain to
5 me where -- I know there have been some cases where, for
6 instance, I think it was in a case where there was something
7 about allowing -- can't remember the case -- that they wanted
8 to sell shares for means that they wanted to do. But I don't
9 think this is some ordinary that you go and sell shares and
10 then you sell the shares to finance -- finance the business.

11 MR. ZAHRALDDIN: I think you're referring to probably
12 the Hertz (phonetic) case, which was a little bit different
13 because it was publicly traded. But --

14 THE COURT: Yeah, so where in the world is it
15 ordinary course to sell shares?

16 MR. ZAHRALDDIN: Every high technology case, Netflix,
17 et cetera, they run on a deficit. They have not made money,
18 and everything that's coming in is from investment into the
19 technology, even once they --

20 THE COURT: Counsel?

21 MR. ZAHRALDDIN: -- go into production. That --

22 THE COURT: And you're saying investment into the
23 technology. Does that investment involve sale of shares?

24 MR. ZAHRALDDIN: Yes, ma'am, it does. It always
25 does. They're usually --

1 THE COURT: Oh, okay.

2 MR. ZAHRALDDIN: They're usually A, B, C, D, you
3 know, a series financing, and there are -- we're at the angel
4 and super angel space, so --

5 THE COURT: Exactly what you called them -- series
6 financing.

7 MR. ZAHRALDDIN: Yes, ma'am.

8 THE COURT: And that is not what you're proposing.
9 Yes, you didn't have your different tranches, whatever.

10 MR. ZAHRALDDIN: But we're --

11 THE COURT: That isn't what you're proposing to do.
12 You're calling this -- you're saying we want to sell our
13 shares. You're not saying, and we want to finance, we want to
14 use that to fund our operation.

15 MR. ZAHRALDDIN: And the bankruptcy.

16 THE COURT: So I'm not quite sure -- I'm not quite
17 sure how that's ordinary course to begin with, which is why I
18 know you would have never done it without coming to this court
19 because, you know, you can't do it. And I bet you dime to
20 donuts in none of those cases, they do it without court
21 approval.

22 MR. ZAHRALDDIN: Your Honor, in all fairness, we're
23 coming to you because we know that there are grave consequences
24 to not getting permission from the court. So even when things
25 are in the ordinary course, people come to you to get

1 permission and that's what we did.

2 THE COURT: Counsel, I'm not saying that you can't
3 come to me. What I'm saying is the manner that you're doing it
4 is unacceptable. I don't care what your beef is or the
5 parties. It's clear to me there's not a great relationship
6 between the parties, the Debtor, and its creditor. But you
7 guys need to leave that. That stops when you get here. I
8 don't care what you think about one another. I don't care what
9 you believe you're doing. You're not going to do it here. And
10 I'm telling you this isn't something because as you have
11 already just said, you know, about series financing, for
12 instance, in Netflix, which apparently is what you're trying to
13 do. And now you're trying to tell me it's expedited? It's
14 not. And I would never -- and I'm pretty sure those were teed
15 up with evidence and everything. There is no way that's going
16 to get done today.

17 MR. ZAHRALDDIN: Okay.

18 THE COURT: I would never do that -- never, ever. So
19 I want you -- and I'm going to say this again -- you better
20 think twice about filing anything expedited. And first of all,
21 you better consult with opposing counsel because I've had it.
22 This case -- I don't know where you guys think you're at. I
23 don't know what courts you've been in, but I can tell you that
24 will not fly in this one. And if you think that somehow we
25 don't understand these cases, or we're not on top of it, let me

1 tell you just in case you have any doubt, we are not. We
2 understand it. We know how this works.

3 MR. ZAHRALDDIN: Now, Your Honor, we're actually
4 happy to be in your court because it's one of the courts --

5 THE COURT: I'm sure you are because you weren't
6 happy in Delaware.

7 MR. ZAHRALDDIN: Yes, ma'am, we were.

8 THE COURT: But that's neither here nor there. But
9 just don't think because this isn't Delaware that things are
10 going to be any different. They are going to be exactly the
11 same in terms of how this case goes, how the matters are
12 handled, how they're heard, which leads me to a bigger concern.
13 I don't even know if these cases belong here or are properly
14 filed. Now, with respect to Stream, that's a different issue
15 because there was no receiver.

16 MR. ZAHRALDDIN: Uh-huh.

17 THE COURT: But there was clearly a receiver in the
18 other one. And I am not about to do anything that would
19 basically make it a fait accompli if I decided that this should
20 have never been filed or was not properly filed. Those are
21 other things that I have to consider or I'm not doing anything
22 -- I'm not doing anything that is going to be an end around or
23 have an effect of overdoing anything that I ultimately may
24 decide. Wages, yes. Those are ordinary matters that are
25 handled in an ordinary course. Anything outside of that,

1 absent some hearing, absent some legal argument, I'm not doing
2 it -- absolutely not.

3 So let's hear about these wages that you want to pay.
4 And when I say wages, I mean the wages that were paid on March
5 -- they were paid in March, and you're telling me are now due
6 in April. How much are we talking about?

7 MR. ZAHRALDDIN: Do you mind if we ask Mr. Rajan
8 because he has put together, with his team, the amounts --

9 THE COURT: No.

10 MR. ZAHRALDDIN: -- and maybe he can tell us the
11 exact number, or --

12 THE COURT: Somebody --

13 MR. ZAHRALDDIN: -- the --

14 THE COURT: Counsel, do you -- first of all, we're
15 doing this under colloquy.

16 MR. ZAHRALDDIN: Yes, ma'am, I understand that.
17 Whatever you want to do.

18 THE COURT: Right. I mean, he can just tell me. So
19 let me just say, I'm going to hear this as in connection with
20 colloquy. If somebody's opposing this, we're going to have to
21 make an evidentiary record.

22 MR. ZAHRALDDIN: That's fine, that's fine.

23 THE COURT: And maybe that's what we -- you know
24 what? Let me hear from opposing counsel before we make a
25 record. Who wants to go first?

1 MR. CAPONI: Your Honor, this is Steve Caponi for
2 Hawk.

3 THE COURT: Uh-huh.

4 MR. CAPONI: I'll keep my comments brief because we
5 echo all the Court's concerns. I'd just like to -- want to
6 address the factual matter, and that is, when we come to
7 emergencies here, this bankruptcy filing was not an emergency.
8 This was not a -- it was filed to avoid a trial. It was not a
9 catastrophic financial event that caused the company to go into
10 bankruptcy unexpectedly. This was a planned filing. And as
11 Your Honor noted, and as we noted at the first phone call we've
12 had and every phone call since, this employee funding cliff was
13 coming and that, you know, wages have been paid through March,
14 and they need to be paid in April. So why they filed the
15 bankruptcy not preparing to deal with wages when they had
16 plenty of time to prepare for the bankruptcy concerned us.
17 Getting the motion filed -- since the last hearing I should
18 say, we've written to the other side several times to say,
19 engage with us on the employee wages. We paid them
20 prepetition. We're willing to engage in a similar process
21 post-petition because it's protecting our collateral.

22 The Debtor has refused to engage at all. The only
23 response we received was, we're preparing motions -- not what
24 motions, but we're preparing motions. That's it. We've copied
25 the U.S. Trustee on these communications, hoping the U.S.

1 Trustee's Office would intervene and maybe put some pressure on
2 the Debtors to engage. So that's how we ended up where we are
3 today.

4 With regard to the concept of lack of information.
5 Your Honor has not been told the truth here by the other side,
6 and I don't blame counsel. I suspect they were not involved.
7 It's coming from their client. There was a very detailed
8 process once the receiver was appointed where both Mr. Stasney,
9 who was a purported director and Mr. Rajan as the other
10 purported director, met with the trustee and met with the
11 subsidiary, and they prepared budgets. Every month they
12 prepared a budget. And the receiver and everyone approved that
13 budget. Mr. Rajan actually signed board resolutions approving
14 the budgets. And then once the budgets were approved, my group
15 of secured creditors funded those budgets pursuant to the
16 budget. Everyone knew what the budgets were, and these are
17 detailed Excel spreadsheet budgets, Your Honor, and employee by
18 employee taxes, wages, equipment, you know, et cetera.

19 Any notion -- I've got a computer full of these. Any
20 notion that they did not know what the money was going to, how
21 it was being spent, is just false. Now, I have Mr. Rajan's
22 four resolutions. The last one was signed in March before the
23 bankruptcy. So they knew -- we knew. That's why we kept
24 saying, Your Honor, that's how we knew there was a funding
25 cliff. And we knew that when the bankruptcy was filed there

1 was enough money to get us up to this point. So that concerns
2 us. Then we get the filing on Friday, and Your Honor, the
3 Debtor has admitted that it has \$2,000 in the bank, it's
4 administratively insolvent, and it has no prospects of
5 generating any revenue unless it sells stock.

6 So as it stands here today, the Debtor has admitted
7 in its motion that it has no ongoing operations -- it builds no
8 products. Even if it wanted to build products, it has only
9 \$2,000 in the bank, which was spent probably 30 minutes ago
10 just in this hearing alone in billable hours by counsel. Then,
11 there was four or five lawyers that joined the call. And the
12 only way they can come up with to fund this case is to sell --
13 allegedly sell stock to another insider, Mr. Rajan and his
14 other entity. So we have an administratively insolvent Debtor
15 with no money in the bank. And what he's asking this Court to
16 do is trying to use Chapter 11 to start a business, not to
17 restructure a business. We can sort that all out in the
18 hearing that's coming up later in May, and we think that's
19 appropriate. Our primary concern, and I'll move on to the
20 primary concern, which is the funding. The employees need to
21 get paid. You know, we can haggle over whether it's 150,000 or
22 175,000. We know we're not talking -- it's not a situation
23 where no one knows what the number is or not within our realm
24 or reason.

25 The secure creditors, and I can let my folks at

1 Skadden, friends at Skadden, jump in on this one to talk about,
2 you know, we're prepared to continue the ordinary course, which
3 is funding along the same mechanism procedures that were used
4 with the receiver. But under this Court's supervision, if
5 that's what's necessary, if the Debtors had the cash to pay the
6 employees, we are all ears in a way to make that work -- that
7 it doesn't require some weird, insider trading funding
8 mechanism. But when they say the buck stops here, literally,
9 you know, it's not a made up statement. Maybe it's not bucks
10 -- I'm not sure what the denomination is in the Netherlands,
11 but someone needs to come up with cold hard cash. We have it
12 -- if they have it, great. They can just get on the phone
13 right now and say yes, we have \$200,000 in the bank, and we're
14 going to wire it and pay their salaries. Okay, let's talk
15 about the mechanism for making that happen. If there's some
16 reasonable step, there's something they need to do in order to
17 get the money, we're all ears. If not, we're here.

18 THE COURT: And counsel, that's why -- and this is
19 for everybody. I said at the very first hearing, is there
20 going to be some -- I thought I would see some -- something --
21 cash collateral, and there was, oh, there's no cash. Am I
22 going to see -- oh, no, no, we're going to sell funds. Okay,
23 that's what I heard -- we're going to sell funds. And so the
24 Debtor doesn't have the money to sell funds. It wants to fund
25 by selling shares. And I guess the issue is, there is, you

1 know, I can't make the Debtor take the money, but I can tell
2 you there's not about a one share about to be sold on their
3 motion today -- not happening. So what I would suggest, what I
4 suggest before we even get into a lengthy evidentiary hearing,
5 is that the parties, including the U.S. Trustee, have a little
6 conversation about how it would make sense in getting this done
7 because at the end of the day, if those employees do not get
8 paid tomorrow, there will be nothing to fight over. And I said
9 that at the last hearing that you guys need to -- or one of my
10 hearings, that if this doesn't get worked out, there's nothing.
11 And actually -- that I have to do except say the company's
12 defunct, and I don't know what you want to do in chapter.
13 Maybe you do orderly liquidation. I don't know.

14 But the whole point of the matter is that I know
15 there was a receiver. I've actually been, I've actually, you
16 know, before I was a Judge, I did practice. I did do receiver
17 work. I did represent court appointed receivers. I know how
18 that works, and nobody's really, really paying money. You have
19 to submit all of that to a court. You have to do the same
20 thing you do in bankruptcy. Here's a budget, and all the
21 parties get to look at it. Everybody puts their input in it
22 and then it's approved. Now, whether you got all the
23 information, whether everything wasn't done, I don't know. And
24 at this point, it's irrelevant to me. The only thing relevant
25 for my purposes, is there is a request to pay wages tomorrow.

1 The Debtor is proposing some sort of sale, which I'm telling
2 you I'm not hearing it today. That is not anything I would
3 ever do on an expedited basis. And even in those cases where
4 it was allowed, I am quite confident that if I go review that,
5 none of it was done on a short notice without an evidentiary
6 hearing, which is going to take a couple of days. That's not
7 going to happen.

8 And then the next issue is, is that you guys can
9 agree to disagree who has what rights, whatever, who has
10 conversion, no conversion, whatever. That is irrelevant for
11 today's purposes. So I would suggest that the parties go -- I
12 guess I can just hang up, and you can talk here. We just won't
13 record it. We would not record it, and you guys can try to
14 figure this out because again, the only thing I'm going to have
15 evidence on an expedited basis, is whether the wages are
16 necessary, which I don't think I'm hearing anybody say they're
17 not. There's not going to be payment of any prepetition
18 because unless somebody can tell me that those payments were
19 not made, they were not requested, you know, which means
20 somebody -- and I'm not even in court to see the matter, which
21 I guess in retrospect, I probably should have just had
22 everybody come in or do this as a Zoom hearing because I don't
23 know how I'm going to see the evidence. But since it was done
24 at the last minute and we tried to accommodate, I guess we just
25 didn't really think through that. This should have been a Zoom

1 hearing so that I could at least see what the parties are and
2 there's nothing stopping us from turning it into a Zoom
3 hearing. We would just have to put the information out there
4 and everybody call in.

5 But absent -- so I don't think the necessity is an
6 issue. The amount may be an issue and how it's getting funded
7 is an issue. And I am not going to hear anything about selling
8 shares today. So that may be limiting what you guys are going
9 to do.

10 MR. ZAHRALDDIN: Would Your Honor entertain a junior
11 dip, then, if we were able to -- because I would imagine that
12 the other secured creditors would not be prejudiced by that.
13 And even if they objected for other purposes, a junior dip we
14 could do and get this paid and done by tomorrow.

15 THE COURT: A junior dip with who?

16 MR. ZAHRALDDIN: Well, we would have to do it either
17 with -- individual investors would have to do a loan, or we
18 would have to do it otherwise. I'd have to talk to my client,
19 but you know, VSI is the investor is putting money in, so they
20 would simply loan over to VSI. VSI would loan --

21 MR. MAZZA: Your Honor, I'm sorry.

22 THE COURT: Who --

23 MR. MAZZA: This is Mr. Mazza from Skadden Arps. I
24 haven't said anything with respect to the pending motions. And
25 given that we've offered up financing to take care of this

1 unfortunate emergency that's been self-created, I wanted to at
2 least get a few words in before this proceeds any further, if I
3 may?

4 THE COURT: Yes.

5 MR. MAZZA: Thank you. Thank you, Your Honor. So
6 in our objection, we included the exhibit, it's Exhibit A, the
7 promissory note, that SeeCubic has funded since the receiver
8 was put in place. And given the brinksmanship that we're
9 experiencing here and the need to provide comfort over to the
10 Dutch subsidiary, we think just being able to go through that
11 same arrangement and fund directly to the Dutch subsidiary,
12 which is not operating in bankruptcy, would be the easiest way
13 to do this as opposed to, you know, what Debtor's counsel is
14 trying to come up with on the fly here. We all know that they
15 don't -- the share sales is not going to work. It still isn't
16 clear if they have the money. We have the commitments to make
17 a direct -- a direct unsecured loan to the Dutch entity that
18 would just save us all a lot of heartache here to move this
19 forward -- keep the Dutch subsidiary calm and the employees
20 calm and have no need for any further issues to discuss and
21 essentially keep the status quo in place.

22 And so I would advocate for a simple solution here as
23 opposed to something that is going to require negotiations that
24 are very difficult with the other side on. And so I just want
25 to put that out there for Your Honor.

1 THE COURT: Well counsel, first of all, to get dip
2 financing, you're going to have to tell me why they can't get
3 it anywhere else. That's the first thing you have to show. We
4 can't get it anywhere else, so Judge, approve this financing.

5 MR. ZAHRALDDIN: Your Honor my client just called me,
6 and he's happy to speak to you and confirm this. But there
7 were subscription agreements that were done prepetition, and he
8 indicates that there is money in the accounts that can pay
9 these much smaller amounts that are just wages. So we could
10 make the payment and get it done today.

11 THE COURT: No, because you're telling me -- now
12 you're telling me something that wasn't disclosed. All of a
13 sudden there's money from subscriptions that were not
14 disclosed?

15 MR. ZAHRALDDIN: Let me make sure it was disclosed.

16 Mr. Fisher, do you know if we have any disclosures in
17 the schedules?

18 MR. FISHER: No, they're not on the schedules.

19 THE COURT: Absolutely not. No, no.

20 MR. ZAHRALDDIN: Okay, okay.

21 THE COURT: I'm already unhappy with the Debtor.
22 Don't dig a deeper hole.

23 MR. ZAHRALDDIN: Your Honor, I'm just trying to make
24 something simple because my client said he has the money --

25 THE COURT: It's not simple, counsel -- it's not

1 simple.

2 MR. ZAHRALDDIN: Okay.

3 THE COURT: You said the Debtor only has \$2,000.
4 Now, I'm going to have to a hearing where the money came from
5 -- wasn't disclosed. Now, we want to have some financing by
6 some other investors. Let's look what financing requires.
7 Financing, in order for me to approve some financing, even if
8 you say they want to be investors, and they want to be --
9 you're saying they would be junior secured --

10 MR. ZAHRALDDIN: Yep, yep.

11 THE COURT: -- you still have to tell me that they
12 can't get unsecured. And I have parties here saying, well,
13 we're going to give them an unsecured loan.

14 MR. ZAHRALDDIN: Let me -- if you want, I can call my
15 client and find out if they'll do an unsecured loan and talk to
16 the folks, and we'll get that done, in fact, right now.

17 THE COURT: Counsel, I already told you guys, I think
18 you need to get off this hearing, do your discussions, I'll
19 call back in. But it seems to me, from the Debtor's
20 perspective, one, you're going to have to prove that you can't
21 get unsecured financing. I have parties here saying, we're
22 going to give you -- you can't even meet the first hurdle.

23 MR. ZAHRALDDIN: That's because they wish to take the
24 assets, Your Honor, that they're a competitor.

25 THE COURT: I don't care -- counsel, counsel,

1 everybody wishes to take the assets. If we're going to start
2 throwing aspersions out there, it appears that VSI wants to do
3 the same thing because you basically said you want to merge.
4 Everybody's trying to take the assets. Let's not try to--
5 let's not try to --

6 MR. ZAHRALDDIN: They're willing to pay -- to do
7 that.

8 THE COURT: Counsel, counsel, let's not try to play
9 we the good guy -- they the bad guy. As far as I'm concerned,
10 nobody's -- anybody's looking good in here. So let's not --

11 MR. ZAHRALDDIN: Yes, ma'am.

12 THE COURT: -- try to cast aspersions on one another.
13 I see this for what it is. Again, this isn't anything new.
14 This is anything I haven't seen or any other judge in my
15 position has seen. Everybody points to the other party as the
16 bad guy. You guys got into bed with one another and now you
17 want a divorce, and everybody's trying to take as much of the
18 assets in the divorce -- in the in the property settlement. It
19 belongs to me, not the husband, not the wife. That's all this
20 is. And so I don't need to hear that this party is a bad guy
21 and I'm the good guy. The bottom line is, is that you are in
22 bankruptcy. There are rules. And if you want to finance this,
23 either through some alleged subscription where you're holding
24 money which has never been disclosed or you want to get some
25 investors, you're going to have to follow the rules. And the

1 rules say to get secured lending, you have to first show that
2 you cannot get unsecured.

3 MR. ZAHRALDDIN: Okay.

4 THE COURT: And we have an offer for unsecured. So I
5 suggest everybody -- I will hang up and you guys hash this out.
6 I've already said what I have to say. And if you don't, if you
7 want to --

8 MR. ZAHRALDDIN: Okay.

9 THE COURT: -- put a hearing on, if I haven't told
10 you what I think you're going to have to prove and maybe
11 you can, maybe you can't, your call. But I'm telling you, this
12 divorce, leave the animosity, the gamesmanship, whatever it is
13 you guys think you're doing, at the door. I'm not going to
14 entertain here. And at the end of the day, I am not doing
15 anything that cannot be undone in the event I find these
16 bankruptcy were -- it would -- Stream didn't have a receiver
17 -- that's a whole different standard. But could they put -- a
18 receiver in this? I'm going to look at the law, and I'm going
19 to figure it out. And I'm not about to do anything that in the
20 event that I find that this is an unauthorized filing, that
21 can't be undone -- not going to happen. So it seems that if it
22 is proper, it should be done in the course of either financing
23 or either sales through the -- sales, which are not ordinary
24 course or plans, or proposal -- all of those things. Everybody
25 wants his assets for themselves. When I say everybody I mean

1 all of the parties. And it's going to follow the rules to get
2 there. And --

3 MR. CAPONI: Your Honor, this is --

4 THE COURT: -- having it.

5 MR. CAPONI: Your Honor, Steve Caponi. We fully
6 appreciate the Court's comments. We are prepared to work with
7 the Debtor. I agreed with you, Your Honor, look, there's a lot
8 of acrimony, and there's no reason to cast dispersions. But I
9 will not cast an aspersion, but I want the Court to know, my
10 client does want these assets. It believes it already has
11 these assets in the divorce.

12 THE COURT: Counsel --

13 MR. CAPONI: But we'll take our time getting there,
14 but our primary concern is like a divorce, I want the children,
15 but I don't want them to starve to death before the divorce is
16 over. So we're here to make sure the kids get fed so that, you
17 know, there is actually a live human being to fight over in the
18 end, and we're committed to doing that.

19 THE COURT: Okay, counsel. So I'm going to sign off.

20 John, stop recording to give them an opportunity --

21 MR. CALLAHAN: This is Kevin Callahan, and I'd just
22 like the opportunity to be heard before we do break, Your
23 Honor.

24 THE COURT: Okay. Counsel, hold one second.

25 Mr. Callahan?

1 MR. CALLAHAN: Yes, Your Honor, thank you. And I
2 apologize if some of my remarks are repetitive of the Court's
3 statements or redundant, but I think it's important to note
4 that U.S. Trustee, of course, has an institutional interest
5 here. And with respect to the motion that was filed by the
6 Debtors, it is now apparent, if not clear, that this is not a
7 motion to pay prepetition wages to employees and which might
8 typically be considered on a first day hearing. So 507(a)(4)
9 does not apply. And the Court rightly pointed out that with
10 respect to the independent contractors that are referenced in
11 the Debtor's motion, there are requirements in 507(a)(4), to
12 the extent that there were prepetition obligations. But the
13 Debtors motion states that the employees are not owed
14 prepetition. I'm certainly cognizant of the Court's comments
15 at the last hearing and the parties' agreement, I think, that
16 these employees must be paid, and they would be paid presumably
17 for services rendered after the petition. And I think that's
18 hopefully the focus of the conversation going forward when the
19 Court breaks.

20 If that is the case, and we take no position as to
21 which party would provide the funding, we certainly would want
22 to know the terms and some of which may need to be re-noticed
23 in some fashion, whether it's an order sending out with
24 negative notice or the like of the terms and conditions of that
25 arrangement. These suggestions were just made by counsel for

1 both sides. The amounts, at least some semblance, of
2 information regarding to whom those distributions would be
3 made. I take special note that counsel for the Debtor's
4 remarks that the Debtor may have cash, or at least access to
5 some fund somewhere, is not evidence on the Debtor's schedules,
6 nor is it evident on the operating report that was just filed
7 last week.

8 So clearly, we certainly -- I think everybody would
9 want to know where that source of funds might be. I appreciate
10 the Court not ruling, at least today, on the issues -- other
11 issues that are set forth in the motion -- the ordinary course,
12 motion, the stock transfers and the like, all of which we think
13 need to be vetted further, Your Honor. So I think our
14 conversation going forward is simply on the payroll that needs
15 to be met and we appreciate the urgency with that.

16 Will the Court be willing to hear the parties later
17 today if there is an agreement or disagreement to discuss the
18 resolution?

19 THE COURT: Oh, definitely. Yeah, my -- when I say
20 the parties, I would sign off, let the parties try to hash it
21 out. If they can't, my staff will text me, email me, say you
22 need to come back -- there's no agreement, there is agreement.
23 And then, I would handle this like any other payment of wages.
24 Again, nobody's arguing about necessity. So I would need
25 information on how much -- here's the documents -- we'd have to

1 do it as a Zoom because I need to see the documents and so does
2 everyone else; would need to see -- here's the people we're
3 proposing to pay; this is how much we're proposing to pay them;
4 and this is the source of the payment, and I would need some
5 evidence on that.

6 Again, the first thing is that unless it's unsecured
7 -- well, I don't know how you'd get around because the first
8 thing is you'd have to say that I can't get unsecured
9 financing. And maybe the other parties would want to give
10 someone -- I don't know what because I don't know how or what
11 the thought process is for the Debtor. And again, maybe
12 I'm being a little unfair because I'm not very happy how this
13 is playing out. And I'm not, you know, trying to call out this
14 one party, but it seems to me that somebody had to have thought
15 what would happen if we couldn't sell these shares and finance
16 it, and what's alternative -- how do we plan to do it. It
17 can't be on the fly. It's not my job to try to figure out the
18 appropriate way to do this. And I will also say that I am very
19 disappointed that the parties have not discussed this, that
20 there have been no discussions other than -- and I'm only
21 taking counsel's word.

22 I have no reason not to believe the -- that said that
23 we have reached out and they have sent some emails, but no
24 discussion. And so -- and maybe the, and that the U.S. Trustee
25 was copied on that information. I don't know, I don't get to

1 see that. I only get to see what I see in court. But I tell
2 you, it's not going to bode well if people don't talk to one
3 another. The court is not the place to come and talk. You
4 discuss it. You don't have to tell me the discussions because
5 the settlement, they don't come to me, but we tried to work it
6 out on your own and we discussed it -- we couldn't come to an
7 agreement.

8 But for me to hear that they didn't even try to --
9 that the parties didn't even discuss it, I'm not happy -- not
10 at all. And I think from the tone and the way this is going,
11 everybody is pretty clear I'm unhappy and what I'm going to
12 tolerate. So where we are right now is that I will sign off.
13 The parties can try to work this out. To the extent they
14 cannot, my staff will reach out to me, John or Eileen call me,
15 and I will figure out that we need to have an evidentiary
16 hearing, and we'll set up that process. Again, no one is
17 saying necessity unnecessarily. So the only issue for me will
18 be how much with a payment. But I am confident that you guys
19 can work this out.

20 MR. ZAHRALDDIN: And Your Honor, if we have pre-
21 petition subscription agreements that haven't yet been funded
22 but are due and owing, and obviously we have to fix our issue
23 with the schedules, I'm assuming that would be acceptable to
24 recover money that's owed to the Debtor.

25 THE COURT: Nothing's preventing the Debtor from --

1 to collect. It's like any other business. You're owed
2 accounts receivable, you're owed whatever.

3 MR. ZAHRALDDIN: Okay.

4 THE COURT: You make demands. Should they not, then
5 you file an action to force them to pay. This isn't rocket
6 science. This isn't some unique case that's never happened
7 before. So if you believe somebody --

8 MR. ZAHRALDDIN: We'll work with the other parties,
9 Your Honor.

10 THE COURT: You know, but it's not going to happen
11 today, and it's not going to be, oh, we're going to collect.
12 It's what you have today. And to the extent that there's money
13 that's not been disclosed, that is not going to look good. I
14 can tell you that much. So again, I will allow the parties
15 time to discuss. I will sign off. John -- or actually,
16 Eileen, you call me and let me know where we are. If it's not
17 resolved, then John, put together for a Zoom hearing. And
18 that's where we are. So I'm going to sign off. My Court is in
19 recess. We're in recess for -- I'll give you guys an hour and
20 then somebody check in with me in an hour. That's 1:00. Okay?

21 MR. ZAHRALDDIN: You'd like us to stay on the line
22 then, to discuss things?

23 THE COURT: Yeah. My staff -- they're just going not
24 let you guys talk. We're not going to record it. It's just
25 that all the parties are here. I don't want to differ -- well,

1 I couldn't reach him, and we had to -- no. Everybody's here.

2 MR. ZAHRALDDIN: Okay.

3 THE COURT: You can talk. My staff is going to let
4 you go. We're not recording.

5 (Recess taken)

6 THE COURT: Good afternoon.

7 MR. ZAHRALDDIN: Good afternoon, Your Honor.

8 THE COURT: Okay. We're back on the record on Stream
9 TV and Technovative.

10 Counsel, again, if I would just ask that you please
11 state your name for the record before you speak, I would be
12 appreciative.

13 Counsel for Debtor, where are we on your two motions?

14 MR. ZAHRALDDIN: Your Honor, Rafael Zahralddin from
15 Lewis Brisbois on behalf of the Debtor. And we did have some
16 discussions with counsel for SeeCubic and for Hawk. And we
17 have the -- we sent over a proposal. The Debtors are willing
18 to pay on an unsecured basis, either through VSI paying
19 directly or VSI paying the Debtors and then them paying the
20 subsidiary, whatever is the easiest to do.

21 And there is a wage -- I'm sorry. There's payroll of
22 155 Euros, wage tax of 115,519, and building rent of 22,000
23 Euros for a total of roughly 300,000 Euros. We are prepared to
24 pay the 115 immediately on the wage tax. We are also prepared
25 before Friday to pay the -- I'm sorry, I'm sorry. We're

1 willing to pay payroll at 155 immediately. And then the 115
2 and the 22 by Friday, if the Court approves it.

3 And then there are amounts coming due next month,
4 totaling close to 569,512 Euros. The Debtor will commit to pay
5 that. We of course would like to review those numbers and make
6 sure that they're accurate. We believe we have a little more
7 time to do that, since it's not an emergency. And we also at
8 least began a discussion on some issues we thought were in the
9 ordinary course. Because if the employees are going to be
10 paid, and we understand the urgency in paying this so it
11 doesn't, as Mr. Mazza said, fall off a cliff. But we also want
12 the employees to help get some things done.

13 And there were a few things we thought that were in
14 the ordinary course that we told Ms. Westbrook, Mr. Mazza, Mr.
15 Colby, and the other folks that were on the line, that we would
16 work -- try to work conceptually with them. And if not, then,
17 you know, take up Your Honor's offer to have one of your
18 colleagues help us resolve that issue. I think that's a
19 summary of where we are.

20 I don't know if Mr. Alexander thinks we're missing
21 something. And then certainly the other side will want to talk
22 about, you know, they may have an alternate proposal, they may
23 be okay with ours. We're just trying to get information over
24 to them, and back and forth. And that's where we sit.

25 Mr. Alexander, do you have anything else to add to

1 that?

2 MR. ALEXANDER: Vincent Alexander on behalf of the
3 Debtor. The only thing I would add is to the extent it was a
4 promissory note from VSI to the subsidiary, it would be on I
5 believe the same terms, the four percent.

6 MR. ZAHRALDDIN: Yeah.

7 MR. ALEXANDER: And with respect to the receiver
8 notes were prior to the filing.

9 MR. MAZZA: Your Honor, Jim Mazza here from Skadden
10 on behalf of SeeCubic. If I may provide some comments.

11 THE COURT: Yes.

12 MR. MAZZA: Thank you. So a couple of things. We
13 did have discussions with counsel to the Debtors in their
14 discussions to get money, I guess from VSI, who doesn't appear
15 to have counsel. But in any event, the numbers that counsel
16 went through as far as what's due this week on the 302,519
17 Euro, I think there's agreement amongst the parties on that
18 being due this week.

19 However, we did not receive any -- we asked for proof
20 of funds, that VSI again, who doesn't have counsel it appears,
21 would have available and we received a -- it looks like a Chase
22 for Business screenshot of a account that holds \$233,041.55
23 U.S. dollars. So that's short of what's needed this week. And
24 given the issues here, and the urgency around this, we think
25 that -- well, it's all well and good to make a commitment. If

1 the money's not there, it's not there.

2 So we have worked together with Hawk to come up with
3 a term sheet that's pretty simple, that I believe has been
4 shared with the U.S. Trustee that would fund this amount
5 immediately and we have the funds to do so. So there wouldn't
6 be an issue on that front. And that would be a simpler way to
7 deal with this and not waste more parties time on whether or
8 not money's going to come in the door.

9 As counsel for the Debtors also went through, there's
10 money that's going to be due in May that is not insubstantial,
11 in the grand scheme here of 569,512 Euro. Given that they
12 don't have enough to cover the end of this week, then covering
13 that, well, we can probably punt that for a little bit of time.
14 We'd be prepared to address that in short order as well.

15 So we appreciate them trying to see what they can get
16 done. But we didn't receive this information and proposal
17 until I guess about a little -- a few minutes before 4:00 this
18 afternoon. That's our assessment of it. And we'd like to just
19 take care of this as quickly as possible and not leave any
20 conditionality out there so that the deductions here isn't kind
21 of left in the lurch potentially as the next couple of days go
22 by. So that's our assessment and what we're willing to do.
23 And that's really it.

24 As far as the conditions that were mentioned by
25 debtors' counsel, there's no agreement on any of the conditions

1 that they have talked about or getting together to discuss
2 those. We don't think they're anything of the ordinary course.
3 But I don't want to sort of leave that unsaid. I don't think
4 it's an issue here today that needs to be thought through at
5 all given what the business in the Netherlands is facing at the
6 moment. So I think with that, that's the status update.

7 MR. ZAHRALDDIN: And Your Honor, I know Mr. Mazza is
8 not doing it on purpose. But just to be clear, we did not make
9 any of those conditions to the funding. We simply wanted to
10 open up the dialog in response to questions from counsel
11 earlier in the afternoon. And I've also received information
12 from my client that we should have another 120,000 coming into
13 the VSI account in the morning so that we would be able to make
14 the payments. And certainly we have enough to make the
15 immediate payment on wages. And we will have everything for
16 this week.

17 THE COURT: Okay. Who is we?

18 MR. ZAHRALDDIN: Well, the Debtors will, because
19 they're owed money by VSI. And if the Court is more
20 comfortable with VSI paying directly to the sub and having the
21 relationship, it can be done that way, or it can be done with a
22 note from the Debtor to the sub. But the money is there. It's
23 an obligation owed to the Debtors. And it is ready there and
24 VSI said that they will fund -- they will be happy to fund it
25 no matter what because they want to make sure that the

1 subsidiaries are protected.

2 THE COURT: So who is negotiating on behalf of VSI?

3 MR. ZAHRALDDIN: VSI, I don't know all the VSI
4 officers and directors. Mr. Rajan is involved with VSI, but he
5 has -- and a lot of the employees that used to be in Stream are
6 working at VSI. But they do have other outside directors who
7 come in that are either put there by investors or have come in
8 at different times. There's a gentleman --

9 THE COURT: Counsel.

10 MR. ZAHRALDDIN: -- named Joe Corso (phonetic) --

11 THE COURT: Who --

12 MR. ZAHRALDDIN: -- signed on behalf of VSI in the
13 past.

14 THE COURT: Counsel.

15 MR. ZAHRALDDIN: Yes, ma'am.

16 THE COURT: Who are you consulting with at VSI to
17 determine their ability to fund the proposal? Who are you
18 negotiating with?

19 MR. ZAHRALDDIN: There are current and past investors
20 in VSI, who Mr. Rajan has contacted and has worked with Mr.
21 Corso in order to get these commitments.

22 THE COURT: So Mr. Rajan is contacting investors on
23 behalf of VSI. And he's negotiate -- that's the point. Who
24 are you talking to for VSI? I don't want this investor -- who
25 is talking to you on behalf of VSI? You meaning debtors'

1 counsel.

2 MR. ZAHRALDDIN: Meaning Debtors' counsel. They
3 didn't have --

4 THE COURT: Who is Debtors' counsel discussing with
5 at VSI the terms for what can be paid, and what information is
6 being prepared? Who from VSI is providing that information to
7 you?

8 MR. ZAHRALDDIN: That is coming from Mr. Rajan, who's
9 talking directly to the investors at VSI.

10 THE COURT: And who is the representative for the
11 Debtor in this case that is negotiating with VSI?

12 MR. ZAHRALDDIN: Well, Mr. Rajan is the only officer
13 director and employee right now at Stream, because we don't
14 have employees since the company was blown up by the attempted
15 takeover. So that was one of the things that we were trying to
16 handle. But that is -- that's Mr. Rajan. He's the one talking
17 to the investors --

18 THE COURT: He's negotiating with himself.

19 MR. ZAHRALDDIN: No, he's not. No, ma'am.

20 THE COURT: He's negotiating with himself.

21 MR. ZAHRALDDIN: He's not negotiating with himself
22 because he answers to investors that are putting money in --

23 THE COURT: Counsel. Counsel, I don't know who he's
24 talking to. And I don't know -- the point of the matter is,
25 he's on both side of these deals. I don't care who he's

1 talking to. How can he negotiate on behalf of the Debtor, with
2 another entity that he has an interest in that he's talking to
3 investors in? That's a problem. Putting that aside, has
4 everybody agreed that the number that needs to be funded this
5 week is the 302,000 plus Euros or that -- is that an agreement
6 between -- everybody's on the same page with that number?

7 MR. ZAHRALDDIN: If you are, Your Honor, because you
8 had only indicated you wanted to see payroll paid. But yes, we
9 are in agreement on the other numbers with the caveat that we
10 didn't hear you say clearly that you wanted the wage tax or the
11 building rent paid. You wanted the payroll. And so
12 certainly --

13 THE COURT: Well --

14 MR. ZAHRALDDIN: -- if you believe that those should
15 be paid, the Debtor would support that.

16 THE COURT: I don't believe anything. My question --
17 the next question is, what were the wage taxes for? Were they
18 for the current payroll? What are they for? That was so if
19 the parties were agreeable, that they believe that this should
20 be paid, presumably, it's for -- because if this would have
21 been in the ordinary course, you would have had, this is how
22 we -- or we need funding. We're going to get unsecured
23 financing.

24 And in the course of that financing, we are proposing
25 to pay X amount for wages presumably -- and I don't know, and I

1 don't want to make an assumption -- in that, maybe or maybe not
2 that 155 included taxes. I don't know. Nobody told me. And
3 is the 115 for current taxes? Is it for pre-petition taxes?
4 And then the building with our -- I think I heard you say rent.

5 MR. ZAHRALDDIN: Yes, ma'am.

6 THE COURT: And that would be -- and that's for
7 current risk?

8 MR. ZAHRALDDIN: Your Honor, we have a blind spot on
9 that which I mentioned earlier. We were -- we got these
10 numbers from Hawk and from SeeCubic. And we agreed to them
11 because on an interim amount, we figured that these were
12 essential. But again, I wanted to make sure that the Court was
13 comfortable with paying with them -- or paying those.

14 Maybe Mr. Mazza can tell us if those are current or
15 not, because we still had some discussion during the time you
16 gave us. And I don't know if we got final resolution on that.

17 THE COURT: Well, counsel, as I said, had this been
18 done in the ordinary course, that would have been a request for
19 financing. That would have been a proposed budget that the
20 parties would have agreed upon. And I don't get to say well,
21 you can't pay this line item, that line item. If the parties
22 are agreeable to a loan in a certain amount, and that this is
23 how the proceeds would be used. We're going to pay payroll,
24 we're going to pay associated taxes, we're going to pay rent,
25 we're going to pay insurance. We're going to pay all of the

1 ordinary things that you would pay post-petition when you got
2 financing.

3 So my comments with respect to paying the payroll,
4 was because that's all that was asked. We are at a different
5 juncture now. We are now at --

6 MR. ZAHRALDDIN: Okay.

7 THE COURT: We are going to get financing. And this
8 is how we're proposing to use the proceeds of that. And that's
9 why my question was okay, is everybody agreeable if there's
10 some financing, that this is what is going to get paid from the
11 financing, as identified by payroll -- I don't know if that
12 includes current taxes -- certain wage taxes and certain
13 building rent which came out to 302,000 Euros. So the
14 financing --

15 MR. ZAHRALDDIN: I think --

16 THE COURT: Yes. Go ahead.

17 MR. ZAHRALDDIN: -- I can answer part of that from
18 our discussions. So I think what the parties were able to
19 identify and agree that there was a payment that wasn't funded.
20 That was the -- that straddled the filing date for pre-petition
21 and post-petition. And so certainly there is current rent
22 that's due. And I don't know if that's the same for the wage
23 tax. I would imagine it would be based upon the -- and counsel
24 can correct me. I think it was around a \$750,000 amount that
25 wasn't funded because of the uncertainty of the bankruptcy and

1 the effect on the receiver.

2 And so I would imagine that both the wage tax and the
3 building rent could be safely considered current amounts that
4 would be paid. There may be some in the -- in arrears, but
5 certainly it could be designated that those are being paid for
6 current due amounts. How much of that is pre-petition, and how
7 much is it? I'm not sure, because we wanted to get things
8 reconciled. But certainly, I think we would be comfortable in
9 making that payment in that amount, based upon the larger
10 amount that hadn't been funded. And again, not casting
11 anything on the other side, that's just simply something we
12 were able to come to terms on and confirm.

13 THE COURT: Well, it seems to me that they were
14 amounts that the receiver did not get a budget or approval for,
15 in which you were saying straddled some time in between that
16 time period. So clearly, no one would have paid them. So --

17 MR. ZAHRALDDIN: Oh, no. They were in a budget.
18 They were approved, they just weren't paid because of the
19 bankruptcy being filed.

20 THE COURT: Right. So there's no --

21 MR. ZAHRALDDIN: I'm certain of that. There was a
22 draw and there was --

23 THE COURT: So there's no aspersion to be cast on
24 anyone because if they filed bankruptcy no one was going to pay
25 them and this is where we are now.

1 MR. ZAHRALDDIN: Understood. I just wanted to make
2 sure you knew that they had been budgeted. So that's why I
3 have some certainty that something is due. And I thought the
4 parties at least agreed on that much.

5 THE COURT: All right. Mr. Mazza, you're agreeable
6 to this 302,000 Euros to be allocated; the 165 for immediate
7 payroll, and I don't know if that includes wage tax. 115 for
8 wage -- I'm assuming it's not, because there's a separate line
9 for wage taxes. And then 22,000 Euros for building rent. Is
10 everybody agreeable that that is the universe of what we're
11 talking about right now?

12 MR. MAZZA: Your Honor, Mr. Mazza here. That's
13 correct for this week, and just a little bit of additional
14 color on the wage tax was paid normally in arrears. So if it's
15 not paid at the end of this week, at the end of the month, then
16 things would not be in good order in the Netherlands, such that
17 there's potential liability for E's & O's. So it's the sort of
18 thing that you'd normally see in a first day wages motion that
19 would get paid.

20 And so it's my understanding is that it gets paid
21 every month on arrearage around that number. So you'll see a
22 number for May, for example, of 108,000 as it relates to that
23 line item. But yes, that aggregate for what needs to be done
24 this week is 302,519 Euros, and we agree.

25 THE COURT: Okay. So the controversy seems to be

1 who's going to fund that? And I am not quite sure how anybody
2 thinks I'm going to select which one of these -- which option
3 is appropriate without some evidence? I'm just not going to do
4 this on colloquy and it appears to me that all you guys have
5 agreed on is the number. You haven't agreed upon who's
6 financing the payment.

7 And so Mr. Zahralddin has said that VSI can fund it
8 on an unsecured basis, and presumably as either a loan -- with
9 a loan to Stream with either payment going to Stream or
10 directly to the various parties, or Mr. Massa, your client can
11 fund it obviously with direct payments to -- well, I'm assuming
12 you guys are sending the money to the receiver and he was
13 making the payments. But that may be a wrong assumption on my
14 part.

15 But typically, that's how you're going to track this.
16 You're going to send it to the party who's going to make the
17 payments, will get the money and then disperse the payments.
18 And so you're saying that your client has the immediate
19 ability, and the Debtor has only presumed information
20 for -- and I'm not quite sure why the Debtor is producing
21 anything, because it's VSI who's doing the funding. I'm not
22 quite sure why they're not represented by counsel. Mr. Rajan
23 is on both sides of this. So I'm not quite sure how I even get
24 to that.

25 But be that as it may, how do I get to pick which one

1 of these is the most appropriate method for financing without
2 some evidence? I can't just say, oh, yeah, counsel, you're
3 right. You're not right. I can't do that. So I need some
4 evidence. And if this had been done typically, even if this
5 was a typical, I want to do financing. If the parties were in
6 agreement, they would make a record. This is what we're doing.
7 This is the source. This is how we're doing it, and counsel
8 would make a proffer on the parties, or either they agree or
9 they disagree. If they disagree, then I'd have to take some
10 evidence. If you agree, then the proffer is accepted.

11 Where we are is, the only thing the parties have
12 agreed upon, is the dollar number. There is no agreement which
13 as to the source of the funding, which means I now have to take
14 some evidence to figure out which one of these I'm going to
15 pick?

16 MR. MAZZA: Judge --

17 THE COURT: And allow. Yes.

18 MR. MAZZA: Your Honor, If I may. This is Jim Mazza
19 again. This is Mr. Mazza again. So you know, we gave the
20 Debtors a chance to come up with the funding here. They've
21 created this unfortunate emergency. We are where we are. As I
22 said, we're on standby ready to fund. We can put documentation
23 in and any evidence necessary for this funding to happen post
24 haste. And we're happy to do that to move this forward.

25 And you know, we waited until just before the -- till

1 4:00 to get the information from the Debtor regarding VSI, who
2 was their funder, notwithstanding the issues that Your Honor
3 has raised in connection with that relationship, and they're
4 short. So from our standpoint, we can provide proof of funding
5 and a term sheet and any testimony that would be necessary.

6 We're just in a tough spot because these debtors
7 didn't run a debt financing process like most debtors would in
8 these kinds of circumstances. And so we're having to swoop in
9 at the last minute to take care of this and preserve the
10 overall value here. So that's where we are. I'm not
11 complaining about it. But we're ready to move swiftly and to
12 get this done. And we've given them all the opportunity in the
13 world to try to do this.

14 MR. CALLAHAN: Your Honor, this is Kevin Callahan.

15 THE COURT: Wait a minute. Wait, Mr. Callahan. I
16 just have one quick question. When is payroll due?

17 MR. MAZZA: Yeah. So my understanding it's due at
18 the end of the month, but with the way buyers have to work and
19 the like, wires need to get in by Wednesday at the latest so it
20 can be funded by the end of the week. So that's the timetable
21 we're looking at, Your Honor.

22 THE COURT: Okay. Mr. Callahan, I'm sorry. What was
23 your -- what were you going to say?

24 MR. CALLAHAN: I've been quiet through most of this
25 in the earlier proceeding. And I don't have much to add, other

1 than I think it's fair to say that the Court is not going to
2 hear the motions or not rule on the motions that were filed
3 previously, because neither of them asked for relief under what
4 I think is being proposed here now, and that would be a 363
5 motion along with a 354 financing.

6 THE COURT: Um-hum.

7 MR. CALLAHAN: We are not certain of who -- for
8 example, SeeCubic's and Hawk's offer. We don't know anything
9 about the terms and conditions other than what they're
10 presented on the phone today. I did receive a copy of the
11 lease projections as they appear, and I think the parties agree
12 that there are obligations of the Debtor going forward. No
13 pre-petition obligations are being discussed now. Post-
14 petition obligations that these -- this subsidiary has that
15 have to be paid. Again, we don't know who will be making the
16 payments, who's offering to make the payments on whose behalf?

17 I don't have any objection presently. Certainly we
18 could reserve -- the U.S. Trustee would reserve rights as to
19 whether those obligations are actually appropriate, necessary,
20 that would otherwise cause immediate and irreparable harm if
21 they weren't paid. My concern is now with more -- and the
22 Court has already just raised this, Judge. VSI has been
23 mentioned a lot. In fact, it was mentioned in the motion.
24 There's a proposed distributorship agreement.

25 Certainly if VSI is proposing to lend money to the

1 Debtor, it has to fit within the requirements of 364. I think
2 it's a real concern for our office as well as to who is
3 representing VSI. No one has filed an entry of appearance on
4 their behalf, who was negotiating on behalf of VSI for these
5 terms. I think I heard that there was a proposal for a four
6 percent loan. We'd like to know who negotiated that, if the
7 Debtor looked elsewhere. We certainly want the term sheet. So
8 how is this done?

9 I don't think anyone can ask for relief today, Judge.
10 I think perhaps as soon as possible, but somebody has to put
11 something on the docket that shows exactly what they're
12 seeking, which would include either SeeCubic or the Debtor
13 filing appropriate motions, perhaps asking for expedited
14 consideration given the importance of having employees of a
15 subsidiary pay. Motions also filed under 105, because it's not
16 the Debtors' employees. But I think this has to be documented.

17 And as the Court just finished, and that's why I want
18 to add in, Judge, is there's been absolutely no evidence
19 demonstrated here today, in support of the motions, or of the
20 offer now of SeeCubic. So I think we have to have a record. I
21 think documents have to have been filed, and the opportunity
22 for parties to examine the transactions both between the Debtor
23 and VSI and of course, SeeCubic on their efforts to finance
24 this debtor.

25 THE COURT: I understood that SeeCubic is proposing

1 to make the payments under the same terms and conditions that
2 had existed with the receiver. What those are, I don't know,
3 but presumably the parties know.

4 MR. MAZZA: Your Honor, Mr. Mazza, again.

5 MR. CALLAHAN: Judge, nobody knows.

6 THE COURT: Wait a minute. One at a time. One at a
7 time.

8 MR. CALLAHAN: Since I last spoke, nobody knows.
9 It's not on the record. Something has got to be --

10 MR. MAZZA: Your Honor, it's not --

11 THE COURT: Wait a minute.

12 MR. MAZZA: Yeah, sorry.

13 THE COURT: Wait a minute. Wait a minute. Mr.
14 Callahan, all I am saying --

15 MR. CALLAHAN: It's not been introduced -- I'm sorry,
16 Your Honor.

17 THE COURT: Counsel. All I am saying that Mr. Mazza
18 stated on the record, that the terms and conditions that were
19 being proposed, were the same terms and condition that existed
20 when the financing or the monies were paid through the
21 receiver. What those are, you are right, I don't know. Other
22 parties may not know, but presumably the Debtor and SeeCubic
23 know, because they participated in the receivership.

24 And that's all I was saying is that that's why I
25 understood the terms and conditions would be, but the precise

1 information as to the amount, the interest -- yes, there is no
2 record of that. But I understood that that's what they were
3 proposing and when the parties we're discussing they knew what
4 they were talking about, not the rest of us. So that's all I'm
5 saying.

6 MR. MAZZA: Your Honor, if I may. Mr. Mazza again.
7 And you're spot on there. I just want to make another quick
8 note. We did in our objection, include the note that had been
9 previously funded, so it would be on those terms. So they said
10 that that Exhibit 8 or our objection could be taken into the
11 record, then those terms and conditions would be what we're
12 talking about. And so we look at what we filed to be sort of a
13 classic kind of competing gift that you would see if you had a
14 creditors committee in a case. And so we're in kind of a
15 difficult spot because we've had a debtor who wouldn't really
16 negotiate with us.

17 And while we toyed with the idea of filing a motion
18 for a involuntary DIP, the normal way we would see it is a
19 competing proposal gets put in, when a debtor doesn't have a
20 way of actually financing things, which we've given them a
21 chance to try to figure out. They did file a raft of pleadings
22 on Friday that we had to spend a bunch of time to deal with.

23 But where we are right now is if it's necessary for
24 us to put in motion papers that would include the terms of that
25 note, we're more than happy to do so and would ask Your Honor

1 to have a hearing on that quickly, so that we can deal with the
2 timetable I've laid out earlier and would be -- you know, put
3 on the necessary evidence to get that documented. But I think
4 that's how we saw things.

5 And unfortunately, you know, not a perfect situation.
6 But that's how we got to where we currently are. And again, we
7 didn't know until 3:57 this afternoon that the Debtor was not
8 going to be able to fund this through its related entity, VSI,
9 to begin with, so.

10 THE COURT: Well, they're proposing, but you believe
11 that the documentation to date does not -- the documentation
12 provided to you does not indicate that there's sufficient funds
13 to fund the entire amount?

14 MR. MAZZA: That's right. Correct, Your Honor.

15 THE COURT: Right, and the promissory note attached
16 as Exhibit A, is a senior promissory note. Is that a
17 promissory note that was executed each month, or was it a total
18 number and then you just drew down on that? I don't know. I'm
19 just looking at -- I don't know.

20 MR. MAZZA: Great question, Your Honor. I believe
21 that there were draws on it. And so there was a total number
22 and then draws would come in periodically that would be signed
23 off on when there was -- this was operating under the
24 receiver's tutelage. And those I believe were also signed off
25 on by the -- Mr. Rajan and Mr. Stastney at the time, as well,

1 based on how the receiver ran things during that period.

2 THE COURT: And what -- I guess the question is, what
3 is the status of that promissory note? Did it go away? Did
4 it -- does it still exist? I'm just asking. I'm just thinking
5 off the top of my head.

6 MR. MAZZA: Is there any powder left in it, is the
7 question? Boy, if there were and if that could provide a
8 commercial solution to that, that would be great. But let me
9 see if anybody knows. Because I don't know off the top --

10 MS. WESTBROOK: Jim, this is Margaret Westbrook with
11 K&L Gates. You stated that correctly that there were draws
12 under it. It was a -- it was set up Your Honor, to fund the
13 business operation of STV while the trial was pending. The
14 receiver had both directors sign off on that; Mathu Rajan and
15 Mr. Stastney.

16 Because of the dispute in the Netherlands, he was
17 unable to tell who was in charge of the entity. So he had both
18 of them sign on to it. The head of STV would work with the
19 receiver, they would draw down those amounts. We could amend
20 that very easily it seems to increase the amount of
21 availability to stretch that through the end of May if Your
22 Honor thought that was an appropriate way to handle it.

23 THE COURT: Well, I was just trying to figure out if
24 it still was there and was there funds available. I mean, the
25 promissory note just didn't go away, did it?

1 MR. MAZZA: No, it didn't, Your Honor.

2 MS. WESTBROOK: No, Your Honor. It's an unsecured
3 note. And for the subsidiary, I just -- I think that it was
4 fairly close to the funding amount -- full funding amount
5 because of the trial date being so close by, but we could get
6 you that information. And then in the event there needed to be
7 some additional availability on it, that would be an easy way
8 to just increase that amount.

9 THE COURT: Well, the issue is that this promissory
10 note is between SeeCubic and the actual entity. And I'm not
11 quite sure -- if it was directly between the parties, what does
12 that have to do with this bankruptcy?

13 MR. MAZZA: That's a great question, Your Honor.

14 THE COURT: I don't know.

15 MS. WESTBROOK: Well, and Your Honor, we thought you
16 reserved some of those rights, you know, in determination from
17 the May 22nd hearing, so --

18 THE COURT: Right. I'm not --

19 MS. WESTBROOK: -- we were a little bit hesitant to
20 fund under that note without disclosing any of that.

21 MR. MAZZA: Exactly. And maybe one way to look at it
22 is, given how we've discussed these issues in a previous
23 hearing with Your Honor, getting some kind of comfort -- so
24 Your Honor does comfort orders about funding a non-debtor. And
25 I've been in front of judges that have given me grief for

1 asking for those kinds of orders before, and I get it, because
2 it's outside of the bankruptcy court.

3 We're just, we want to make sure that entity gets
4 funded, and want to be part of full disclosure on whatever that
5 funding is going to look like. But if we don't need an order
6 from Your Honor, then that's one way to potentially deal with
7 it. I think, given the issues related to disputes in the
8 Netherlands, and just the cloud over these cases to begin with,
9 having some direction from Your Honor in that respect, could be
10 helpful.

11 We don't have the receiver anymore. And not having
12 the receiver in there to sort of broker the funding has kind of
13 created this issue. I am informed in the meantime, that there
14 is about over \$1 million that's been unfunded so far in that
15 note, so if that could be made available through a mechanism
16 that parties could agree upon here, then that would solve the
17 issues that we've been banging our heads against the wall on
18 here, that we're all trying to do the right thing. So --

19 THE COURT: Well, I understand that the Debtor wants
20 to do this funding. And I haven't heard why, except that they
21 want VSI to do it, because I guess there's some relationship
22 there through I don't know subscription, or proposed sales.
23 I'm not quite sure. But what I haven't heard from the Debtor,
24 and that's what number one, is why is the Debtor funding this?
25 The Debtor would have to make the -- and that's what I'm

1 saying.

2 None of -- these aren't the Debtors -- other than
3 wanting to fund the -- I guess the rehiring because that's what
4 I'm going to -- and I don't want anybody to say that I'm saying
5 that -- but that's the term I'm using with respect to the
6 employees of Stream, who are no longer employed because Stream
7 has no money to authorize this. I can understand the request
8 for this Court to authorize and come to this Court to say we
9 want to fund the rehiring of the former Stream employees, and
10 we need to be able to do that because this is not -- it's not
11 ordinary because at the time, we didn't have any employees, and
12 we want to now fund to rehire them and we want to -- I get that
13 portion, which we're not dealing with today.

14 But what no one has explained to me is why is the
15 Debtor requesting that I approve wages for non-debtor
16 employees? I get the Debtor has interest in all the companies,
17 but I'm not understanding why this is of the Debtors' business
18 who funds its employee -- I get that it's an issue, because
19 there's a dispute as to who has the ownership, who has what.

20 I get all about the conversion agreement and all this
21 other stuff that the pending actions in Delaware. I get all of
22 that dispute. But for my purposes, I'm not understanding what
23 does that have to do with this? Is the Debtor obligated to
24 fund this? I haven't heard anything. Now, if the Debtor is
25 obligated, and I haven't seen anything that told me why they

1 were obligated. Maybe I missed it.

2 MR. ZAHRALDDIN: Your Honor, the Debtor has
3 traditionally and is obligated as the owners. I know that
4 there is a dispute. Okay. So let's just respect that there's
5 a more than colorful claim that the Debtor through several
6 orders from the Vice Chancellor following the Delaware Supreme
7 Court opinion that we own the stock in Technovative, which was
8 set up as the holding company. It's not -- you know, Stream is
9 the operating company, that's the holding company. And then
10 other operations for tax purposes and otherwise, were placed
11 into other countries, including in the Far East, as well as in
12 the Netherlands.

13 So there has been prior to the company getting blown
14 up by the private foreclosure attempts, that's the way that
15 things ran. There is a history of money coming through Stream,
16 and intercompany loans back and forth through Stream for quite
17 some time. I can't remember off top of my head what the number
18 is on the funding that's gone through Stream to the
19 Netherlands. But it's fairly significant, probably somewhere
20 in the neighborhood of 85 million or 80 million, but I'd have
21 to look at the documents to confirm that.

22 So that traditionally, that is what happened. The
23 Netherlands had a couple of projects, which were bringing some
24 income, but they did not exist other than as an operating arm
25 of Stream. And that's why they're important. That's why we

1 brought up the things we believe were in the ordinary course.
2 These are things that would have traditionally been done by
3 them.

4 So in addition to we believe we are obligated to pay
5 for their operations as the wholly owned. And again, I know
6 that there are entities in between. Those were put there for
7 tax reasons. But we own those entities too. That's one of the
8 reasons. The other is that the intellectual property, which
9 was the subject of the Delaware Supreme Court opinion, and
10 which was the main issue in terms of the charter and not
11 transferring any of those valuable intellectual property
12 without getting a preferred shareholder vote, those are all
13 issues that make this crucial, critical to the success of the
14 Debtor on a go forward basis.

15 It'll just cause delays and more time. There are
16 some assets in Stream. There are other complementary assets
17 and technologies in VSI. That's one of the reasons they want
18 to try to get together and work on this. But I will say that
19 if there aren't -- there are very valuable assets in the
20 Netherlands. And that's why the Debtor wants to protect them.

21 THE COURT: I get that. But counsel, you need to
22 tell me where, what document, what are the written obligations
23 does the Debtor have to fund these companies? You're saying
24 that -- and at the time of the bankruptcy filing, they weren't
25 doing that. Someone else was. So at least as of when the

1 receiver was appointed, I understand in November of 2020,
2 October, November 2022, the Debtor was no longer funding those
3 operations and that they were being done SeeCubic. So first of
4 all, you said --

5 MR. ZAHRALDDIN: But Your Honor, that was being done
6 by SeeCubic almost in lieu of a bond. In essence, SeeCubic
7 had --

8 THE COURT: Counsel, I'm not -- counsel. I'm not
9 saying it was a bond, it was anything. I'm not -- no, I'm not.

10 MR. ZAHRALDDIN: Okay.

11 THE COURT: The facts are that there was a promissory
12 note, a senior promissory note, and SeeCubic was paying. And
13 you're saying well, it was traditional, it was history. That
14 may be all well and good, but where was the obligation, written
15 obligation for Stream to fund these operations? I get that
16 they want to protect their interests. When I say they, I mean
17 Stream, and not VSI. Stream wants to protect its interest in
18 what it believes is a valuable downline company that's owned by
19 a subsidiary or -- I don't know if it's a wholly owned, I don't
20 remember the chart.

21 But I do know that if this was done in the ordinary
22 course, done in an ordinary fashion, the first thing that would
23 have happened is the Debtor would come in and say, we need
24 a -- we need financing, because we have an obligation to fund
25 these things. And this is the basis for our obligation. And

1 therefore, we've traditionally whatever we've done this, and
2 therefore we want to continue to do this. And we're proposing
3 to do this. Originally, we're proposing by selling shares in
4 the Debtor, which, you know, even when you say Netflix.
5 Netflix wasn't in bankruptcy, as far as I can recall. Maybe
6 they were when they did the series financing.

7 We're talking about debtors in bankruptcy looking to
8 sell shares to a related entity owned by somebody who's on both
9 sides of the transaction, now proposing to finance -- and I
10 don't know who's negotiating with who. Because it's still
11 whose interest is being protected? I don't know. I mean,
12 these are Delaware corporations, are they not? Or am I missing
13 something?

14 You know, you have a duty of -- it's been a long time
15 since I took the Delaware bar, but I know there's loyalty care
16 and something else, that you're supposed to be exercising, and
17 I'm not sure how you get there when there's the same person on
18 both sides, whether he's talking to other people or not, you're
19 not talking to the other people. He's talking to himself.
20 Right, he may be going out and discussing with other people,
21 but ultimately, how do we know it's a good deal if he's on this
22 side and on the other side?

23 But putting that aside, I don't know, one, whether
24 debtor has an obligation to make these -- the finances to. And
25 even as a debtor has an obligation, whether the Debtors'

1 proposal one, is sufficient, and two, is the better of the deal
2 that's being proposed. So --

3 MR. ZAHRALDDIN: Well, Your Honor --

4 THE COURT: All that being said -- um-hum?

5 MR. ZAHRALDDIN: We will have the funding by as early
6 as tomorrow. And again, we're not -- I know we're not talking
7 about general DIP financing for everything. But the issue that
8 we had is we knew it was going to be a contested DIP. We
9 didn't want to spend the resources there. We had another means
10 of financing, which we put in front of Your Honor.

11 I appreciate and we hear you loud and clear that it
12 shouldn't have been done on the expedited basis that we did,
13 and that you'd have some concerns with that. But we've kind of
14 been in a very unique situation as a debtor whose assets were
15 stripped from it and then were not returned for over a year to
16 us.

17 THE COURT: Counsel, that's neither here nor there.

18 MR. ZAHRALDDIN: So --

19 THE COURT: As of the bankruptcy filing, the Debtor
20 knew what the Debtor needed. And all of this what happened in
21 the past, that's the past. We are where we are today. And all
22 of this strips and -- you guys are going to have -- this is all
23 going to get sorted out.

24 MR. ZAHRALDDIN: Okay.

25 THE COURT: Whether they are a secured creditor or

1 not is up for debate. I don't -- but that's not the issue for
2 me today. The issue for me today is one, is funding -- the
3 funding is clearly needed to maintain a substantial asset of
4 the Debtor.

5 MR. ZAHRALDDIN: Okay.

6 THE COURT: And the question becomes is who gets to
7 finance that? Does the Debtor have an obligation to do that,
8 or the Debtor just wants to do that? But the Debtor doesn't
9 have an obligation. I'm not quite sure why you're here asking
10 me to approve something that you don't have an obligation. And
11 I don't know, because I haven't seen anything.

12 And nor does the motion say, you know, the motion is
13 written as if these are employees of the Debtor.
14 Notwithstanding that it may say that they're the employees of
15 the Dutch -- of the company in the Netherlands. It doesn't
16 matter. But the effect is the same as if the Debtor is funding
17 payment of its employee payroll.

18 MR. ZAHRALDDIN: Yes, ma'am. And I can tell you that
19 historically, through promissory notes, the Netherlands never
20 made enough money to make their payroll. So they were funded
21 from the very beginning, almost entirely by the Debtors. And
22 again, there's an intervening period where the assets were
23 stripped and all the liabilities were left with Stream without
24 any assets, by the -- you know, the negotiated settlement that
25 was then voided.

1 But yes, we believe that there is -- that that's the
2 practice, and I will confirm it, but I'm almost positive that
3 that's what we got from our Dutch lawyers was that yes, this is
4 an obligation. But I will have to confirm that.

5 THE COURT: Well, that's fine and well, but nobody,
6 but --

7 MR. ZAHRALDDIN: I understand that, Your Honor. Let
8 me ask you if we can indulge in a request from you. As you
9 said, you're going to need to do an evidentiary hearing. Is it
10 possible, and do you have time if we prepare the proper motion
11 tonight on financing and put in the -- and attach evidence and
12 have an evidentiary hearing tomorrow? And then I assume that
13 the other side will want to do the same thing. Would you have
14 time to hear us tomorrow in the afternoon?

15 THE COURT: This is the problem, counsel. I have a
16 family's funeral tomorrow at 12:30.

17 MR. ZAHRALDDIN: I'm sorry, Your Honor.

18 THE COURT: And so I anticipated that I would be back
19 by 2:00 and I don't even know because I'm not going to
20 everything. 12:30, 1:00, probably home by 2. And that means
21 that I would go -- and I have to make arrangements for my 3:00
22 obligation. I can take care of that. So we would be talking
23 about doing this at 2:00 tomorrow.

24 There's another wrinkle that I have to -- I have a
25 doctor -- I have to go to the doctors for a quick injection.

1 So I got to figure that out. That's tomorrow morning. But
2 things I needed to do today, I didn't get to do to prepare for
3 that, because I had this hearing. So I have to sort of juggle
4 my schedule a little bit.

5 I'm going to try to push off that until Wednesday,
6 which would give me all of the afternoon tomorrow. So the
7 earliest I can hear that is 2:00 tomorrow. That would be a
8 Zoom hearing.

9 MR. ZAHRALDDIN: Okay.

10 THE COURT: And we'd have to do it by Zoom. The
11 parties would have to exchange by noon all the documents that
12 they intend to introduce, send that to my ESR so that he could
13 bring them up.

14 MR. ZAHRALDDIN: Okay.

15 THE COURT: So Mr. Callahan, they want to file a
16 motion. Give notice to everyone. I mean, we're talking
17 overnight here. There are -- and I don't look at the
18 schedules. I don't know are there numerous creditors involved?
19 Are all the creditors or all the people who have a stake in
20 this are on this call?

21 MR. MAZZA: Join the party.

22 MR. CALLAHAN: Judge, there are creditors. They have
23 not participated to date, but I do know, representative
24 Rembrandt has appeared before. But there are other creditors.

25 THE COURT: Are any of the parties -- are they the

1 party who appeared and said they had an issue with the -- they
2 own the license? Is that the party?

3 MR. ZAHRALDDIN: Yes, ma'am. They're the ones who
4 have a -- there's a license and they don't want any of the
5 assets transferred because they have a license with the
6 Debtor --

7 THE COURT: Well, I have a little problem, because
8 counsel -- and I was going to discuss this. I did see in the
9 filing that there was some text messages, stating that I said
10 for somebody to turn things over to -- turn over the equipment
11 or whatever it is that dispute. I want to reiterate for the
12 record, no one is to turn over anything, obtain anything, say
13 that payment is contingent over turning over. None of that. I
14 don't know if their -- the text messages are out of context, I
15 don't know what they said, I'm just putting again on the
16 record.

17 This Court has not, is not at this time telling
18 anyone to turn over anything. And to the extent someone is
19 representing that I'm saying that, again, been brought to the
20 attention in the filing, don't know the whole context. Just
21 want to put it back on the record. No one is turning over
22 anything to anyone. No payroll payments are contingent on
23 turning over anything. We are maintaining the status quo.
24 Okay?

25 MR. ZAHRALDDIN: Yes, ma'am. We understand that

1 fully. And to the extent that anything like that's happening,
2 I will make sure it stops. But our understanding and our
3 commitment was to get the information on adequate protection
4 over to the other side on the equipment. And then if we were
5 unable to get to a resolution, to seek the help of one of your
6 colleagues on an expedited basis in order to resolve that
7 issue.

8 We are not doing anything else. And again, I also
9 uncoupled and we're not conditioning. Our only concern with
10 the employee payments was we just want to make sure that the
11 employees are going to be working because we don't know what
12 else they're doing. But again, we understand the exigency
13 here. And that's loud and clear to me, and certainly I will
14 deliver that message to our client.

15 THE COURT: So counsel, tomorrow. Well, I'm going to
16 expect -- so you're going to have to get this done, served on
17 everybody tomorrow. Rembrandt, I know there was something
18 those parties.

19 And Mr. Callahan, is there any other creditor whose
20 reached out to the U.S. Trustee that you concerned about having
21 notice?

22 MR. CALLAHAN: Judge, there are other creditors,
23 that's all I can say. They have not participated to date.

24 THE COURT: Right.

25 MR. ZAHRALDDIN: Your Honor, I think every -- I think

1 we're serving out everyone. We can serve out the 100 and so
2 creditors through BMC if Your Honor would like us to do so or
3 we can serve the top 20 as we've done in the past for something
4 that's broad for anyone who hasn't filed the 2002 notice of
5 appearance.

6 THE COURT: I think at this point, we only need the
7 top 20.

8 MR. ZAHRALDDIN: Okay.

9 THE COURT: Because -- and that would include
10 Rembrandt, because this is unsecured financing that we're
11 talking about.

12 MR. CALLAHAN: Judge, may I just interject. I think
13 it would be an interim use of any loan proceeds. So that would
14 have to be -- well, one, it's on an expedited basis. And
15 secondly, it would be a final order. So presumably the Court
16 would -- if the Court is okay with the loan proposal, and how
17 the proceeds will be distributed, then it would only be to
18 those expenses necessary over the next 10 or 15 days, with a
19 final order to be entered at a later date to cover either the
20 end of the next month or any longer than that. So we
21 do -- those 20 largest should be sufficient to at least review
22 it on an interim basis.

23 THE COURT: Right. And that's not unusual when you
24 have expedited financing requests to limit it to the top 20.

25 MR. CALLAHAN: Yes, Your Honor.

1 THE COURT: Particularly since this is for what I'm
2 going to call administrative expenses that have to be paid no
3 matter what. And unsecured creditors are not going to get paid
4 before you start. They're not priming them or doing anything
5 because they would get paid first in any event. So I'm not
6 concerned if it's just the top 20 which presumably they're
7 doing anyway. So you need to be prepared to tell me one, Your
8 Honor, why the Debtor is obligated to make -- to fund these
9 obligations.

10 And more importantly, why the Debtor should have --
11 because there are two sources who are proposing to fund this on
12 behalf of this debtor. And why is VSI as opposed to SeeCubic?
13 And that's going to be the real issue. Because you're going to
14 have to tell me where the money is there, why this is a better
15 deal for the Debtor because they think the Debtor is obligated
16 to do so. And I'm going to be particularly concerned because
17 VSI is a related entity. And maybe they have this, I guess
18 from the Debtor's perspective, they have a -- they agree that
19 they all, you know, on the same page, as opposed to SeeCubic
20 who has its own claims to do that.

21 At the end of the day, only one of these parties are
22 going to end up with this asset. I don't know which one it is.
23 But that's not for today. It's not for financing. It's not
24 for any of these things. It's simply to protect an asset that
25 the Debtor claims an interest in, and that SeeCubic -- and it

1 benefits no one to have this lost or destroyed. And so at the
2 end of the day, I get what the parties want to do. Get the
3 emergency motion filed.

4 Mr. Zahralddin, when you send out the notice, put the
5 date that it is to be heard, which is tomorrow at 2 p.m.

6 John, I know that you're way past your time. Can you
7 set up the Zoom information that needs to be included in the
8 notice? Do you have time to do that?

9 THE CLERK: Yeah, 2:00 tomorrow?

10 THE COURT: 2 p.m. tomorrow. Zoom information that
11 needs to be included in the notice. The deadline for
12 exchanging all of the -- I'm sorry, you guys are going to
13 have -- you know, you're going to have a nice -- great night
14 doing this, which is I'm glad I don't practice anymore. But
15 unfortunately, you're going to have -- you know, it is what it
16 is. I don't know what to tell you.

17 And at the end of the day, to the extent that the
18 parties' agreements provided that the Debtor claim for this. I
19 don't know what your agreement says. It's going to cost
20 somebody for this. And in any event, I want by 12 noon
21 tomorrow, all of the exhibits, a list of witnesses. You know,
22 this is going to be a fire drill, but I don't know what to tell
23 you. To put a list of -- this is what I need by 12. And it's
24 going to be in -- John, can we share a Zoom scheduling order
25 with debtor's counsel. So we can tell them to look for one in

1 one of the cases.

2 THE CLERK: Oh, you mean look -- you want to follow
3 with the template?

4 THE COURT: Yes, there's a template so that they can
5 put the hearing is on this day, visiting witnesses are to be by
6 12 noon tomorrow. The list of witnesses, exhibits provided to
7 you, blah, blah, blah. And the Zoom information. That's
8 typically on that, right? Is it typically on that notice?

9 THE CLERK: Yeah, I mean, all the -- everything I
10 guess, besides the link, you know what I mean? Like the actual
11 link and the passcode. That wouldn't be normally on the order
12 itself, that's usually just by email. But, I mean, we can work
13 it out. We'll get it all together.

14 THE COURT: Yes, just give that so it's all --
15 because we don't have the luxury of having weeks to do this.
16 So counsel for debtor, you are going to file your emergency
17 motions serving on the top 20 creditors. You -- with a notice
18 that accompanies this. You are going to put on that -- it's a
19 Zoom scheduling order. It's called something else, but
20 effectively, that's what it is. You notice the parties that
21 we're going to have a hearing and put the motion in, the time.
22 And then you're going to include in this one, you're going to
23 add, if you want to attend, you can participate by the Zoom,
24 and you're going to give them the Zoom link and the password.

25 And then you're going to add, I think there's a

1 paragraph that says, any documents, witness list, typically
2 it's one week before, but it's going to be 12 noon tomorrow.
3 And that's only for the primary direct case. Clearly, you
4 don't know what you need for rebuttal. But you know, so if
5 it's a -- if you know there's some rebuttal that you may want
6 to use, you should identify that. And then by 12 noon
7 tomorrow, you send to Ms. Godfrey those documents with -- that
8 has the witness list, the list of all documents, which she will
9 then share with the ESR. I don't see them till the trial. So
10 do not send any copy to me, because I'm not going to look at
11 it.

12 MR. ZAHRALDDIN: Okay.

13 THE COURT: And we'll proceed accordingly. So you
14 need -- what will happen is, John, you can put up that
15 information, email it to debtors -- email it to all the parties
16 so they will have the Zoom link. But I want it in the notice.
17 And then 2:00 tomorrow is --

18 THE CLERK: Okay.

19 THE COURT: -- scheduled for that time. And then I
20 will move from the bench based on the evidence and the
21 testimony that I hear whether this is going to be funded by
22 VSI, or whether it's going to be -- well, first of all,
23 nobody's arguing that it shouldn't be funded. And so the
24 question for me is one, is it the Debtors' obligation, and to
25 the extent it is, then the Debtor is proposing VSI. The other

1 interested party creditors are saying we believe that this is a
2 better alternative for financing, I choose between the two of
3 them. The other issue is that the Debtor is not obligated,
4 then I'm not quite sure how I get involved in this. So that's
5 what I'm going to be looking for. Okay?

6 MR. ZAHRALDDIN: Okay. Thank you, Your Honor.

7 MR. MAZZA: Your Honor, may I speak?

8 THE COURT: Yes.

9 MR. MAZZA: Yeah, Mr. Mazza here. And thank you for
10 the helpful commentary there, Your Honor. Just a couple of
11 things on the SeeCubic side. As far as styling this, I'm not
12 asking for advice, I'm just going to explain to you how we're
13 going to approach this, given how you have laid out the
14 requirements of debtors' counsel. We have the competing
15 proposal. We'll put in papers, again, tonight. It would be
16 directly to the Dutch entity, which would not be a debtor, but
17 just in full disclosure of how that would be set up, we'll lay
18 that out in papers.

19 I'm going to call it a comfort order. You may have
20 issues with that. You can if you want, tell me now if you want
21 to, or tomorrow, but we want to make sure we're fully putting
22 out there what we're willing to do so that this will be handled
23 one way or the other tomorrow, and then maybe the Debtor is
24 going to be able to come up with something that's going to make
25 sense. We have our doubts, but we'll see. So that's how

1 we'll --

2 THE COURT: Well, counsel, what I'm anticipating from
3 your client, is that if I find that this is the Debtors'
4 obligation, you are proposing to fund it, correct? And if it
5 is not the Debtors' obligation, you are proposing to just pay
6 it directly, correct?

7 MR. MAZZA: I think we would propose to pay directly
8 in either scenario, but if Your Honor would prefer, that if you
9 do find the Debtors obligation, which I don't think they have a
10 contractual obligation to fund. I think it's just to preserve
11 the value of that subsidiary is really -- it's really a
12 fiduciary obligation, if you will, for the overall benefit of
13 things. Hopefully, I didn't give them the answer to the test
14 there. But in any event, I think we would still want to fund
15 directly, but however Your Honor wants --

16 THE COURT: Yes.

17 MR. MAZZA: -- to draw it up. We just want to make
18 sure that this does not go neglected for any further time.

19 THE COURT: Counsel, when I say fund directly, I
20 wasn't talking about how the payments were going to be made.
21 When I said fund directly, I meant without the Debtors'
22 involvement, and --

23 MR. MAZZA: Right.

24 THE COURT: -- through the promissory notes that you
25 say has approximately a million Euros still unfunded.

1 MR. MAZZA: Right.

2 THE COURT: That's right. So if I find it's the
3 Debtors' obligation, what I have to make a choice is either VSI
4 or SeeCubic. How that gets paid, maybe that's a different
5 issue. So that's issue number one.

6 MR. MAZZA: Agreed.

7 THE COURT: If it's not the Debtors' obligation, then
8 your proposal is that you just proceed under the existing
9 senior promissory note. And then I would have to make that
10 finding, and it wouldn't be a comfort order. It would say
11 debtors are obligated, therefore, they can seek funding from
12 VSI or SeeCubic. I'd pick one of them. If I say that the
13 Debtor is not obligated, and the parties can deal directly with
14 the entity in the Netherlands, then I would say that. It's not
15 going to be a -- this is my finding. So whether you call that
16 a comfort order, but it's going to directly say which one of
17 these apply.

18 MR. MAZZA: That makes a lot of sense, Your Honor.
19 One thing just to anticipate if it ends up in that last
20 scenario, given the dispute about directorship in the
21 Netherlands, there may have to be an agreement amongst the
22 parties that is similar to what was dealt with in the receiver
23 that everyone signs off. We'll cross that bridge if we come to
24 it. I just don't want to necessarily run into the dispute over
25 directorship that would throw more of a fly in the ointment

1 tomorrow, if we get through everything else. So I just want to
2 anticipate that --

3 THE COURT: Well, then counsel, what I would likely
4 say is because there is a dispute as to the Debtors, and who is
5 the director and who can authorize it. I would say both
6 parties sign off on this because I'm not finding it's an
7 obligation, but the Debtor has some interest, so everybody
8 signs. I think that's the way -- assuming that I find that
9 way. Because I'm not saying that I will. I don't know what
10 the documents will say.

11 You know, I could find that it's the Debtors'
12 obligation. And then I'll say one of you do it and it'll be
13 financing pursuant to the Debtors' request. You're saying if
14 it is, we want to finance. We don't believe it is, we should
15 be able to do it directly, but because the Debtors disputing
16 our ability to do it, we want the Debtors to sign on. And I
17 will be able to authorize that. Okay?

18 MR. MAZZA: All right. Thank you, Your Honor.
19 Thanks for indulging my question.

20 THE COURT: Anybody have anything else with respect
21 to before we end for tonight? Anything that I think they will
22 need for the group for tomorrow?

23 MR. CALLAHAN: I think we have our homework, Your
24 Honor. Thank you.

25 THE COURT: Oh, well. Have fun. That concludes the

1 matters that are scheduled before the Court today. Court is
2 adjourned until tomorrow at 10:30. Thank you.

3 (Proceedings adjourned)
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7

8 C E R T I F I C A T E
9

10 I hereby certify that the foregoing is a true and
11 correct transcript from the electronic sound recording of the
12 proceedings in the above-entitled matter.
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15

16 /s/
17 John Buckley, CET-623
18 Digital Court Proofreader
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